

Award Restructuring in the Electricity  
Trust of South Australia

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M. L. MacIntosh  
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## INTRODUCTION

This paper examines the introduction of award restructuring in a major State power generating and distribution authority, the Electricity Trust of South Australia (ETSA). The economic performance of the electricity supply industry has come under increasing scrutiny in recent years with proposals for privatisation and the ending of public monopolies in the area providing a challenging background for efforts to improve organizational performance. The national agenda for micro-economic reform which has spawned the distinctive approach to wage fixing encompassed in the notion of award restructuring has coincided with a heightened concern over labour productivity within electrical power authorities. This study of the process and outcomes of award restructuring within a major State electricity supply authority illustrates the critical importance of managerial policy and the wider political and economic agenda on the processes of internal reform.

## PRESSURES FOR CHANGE

ETSA was the creation of an Act of the South Australian parliament in 1946, in which the then privately owned and Adelaide based Adelaide Electric Supply Company was taken into State control. (Muirden, 1978) The 1946 Act created a vertically integrated electricity supply authority responsible for the generation and distribution of electrical power throughout the state. Since its creation ETSA has emerged as one of the more significant enterprises in the State. Its activities enhance coal mining, diverse power generation facilities and an extensive power grid crossing the State. With 5696 employees and an annual revenue of \$792 million (Annual Report, 1989-90) ETSA is one of the most important government business enterprises, and one of the largest employers in the State; one with a reputation for fair and progressive employment policies.

In the last decade there has been increasing concern over the efficiency of the organization. In 1985 the Trust was brought under more direct ministerial control with an amendment to its Act which allows the responsible Minister to issue directives to the Board. This action was in part a reaction to concern over the increasing cost of power generation. At the same time the government has actively supported a programme of change which has sought to make ETSA a more commercially oriented organization, and one more able to sustain its own financial future, and return a dividend to its owner, the State. The present General Manager was appointed in 1988 with a brief to further the process of commercialisation within ETSA, and the commitment of management to this objective is evident in their financial management policies (Evatt Research Centre, 1989) and in the programme of strategic and organizational reform which has gathered pace since 1988. These pressures for reform has been accentuated by a number of events.

Firstly, the efficiency of electricity supply authorities has been the subject of two public inquiries in recent years. The 1989 Industry Assistance Commission Inquiry into Government Non-Tax Charges, and the more recent Industry Commission Inquiry into Energy Generation and Distribution have both proposed alterations in the ownership and monopoly position of electricity authorities. ETSA management have been quite explicit in their view that the Trust would need to become more efficient if it were survive in a changed industry and have identified workforce levels as one of the key factors needing attention. These inquiries have also persuaded some of the key Unions in ETSA that the best defence to the proposals for privatisation and workforce reductions would be to give positive support for the process of workplace reform through the Structural Efficiency Principle. The largest ETSA union, the MOA has actively supported a longer term business strategy for ETSA, as a framework for its activities on award restructuring.

A second factor influencing management attitudes to change is to be found in the inter-connection with the Eastern States Grid which began in November 1989. This has altered one of the basic assumptions underlying Electricity generation in the State, that the State should produce its own. Although the inter-connection is related at present to peak load demands, the move is an important indicator that a national approach to electricity generation and supply is more feasible, with consequent implications for State based activities and employment. More directly inter-connection forces a direct comparison of electricity costs across State borders. The IAC suggested that South Australia could benefit significantly from the purchase of base load power through the grid, replacing its reliance on relatively expensive power sources. (I.A.C., 1989, Appendix 4, p.2) The obvious corollary to this would be a reduction in the workforce and activities of ETSA. The price of survival is thus to be found in greater efficiency.

Thirdly, there have been more explicit pressures for rationalization and efficiency associated with the State Budget brought down in September 1990. The Budget reflected quite explicitly the need to increase public

sector restraint and improve productivity in response to the downturn in economic activity and the unfavourable outcomes from the June Premiers' Conference (S.A. Government, Budget Speech, 23rd August 1990). In common with other States, South Australia faced significant cuts in recurrent revenues. Part of the State government's response has been to announce a review of public sector employment levels. ETSA's review of its workforce levels thus coincided with similar moves in the wider public sector. One outcome of this has been the increased interest of some union officials in the overall financial management policy of the Trust with a view to demonstrating that it is able to afford the existing level of employment. The MOA have drawn on the work of the Evatt Research Centre (State of Seige, 1989) in public criticisms of ETSA's financial management practices (The Changing Times, 11th September 1990), and have particularly questioned the The State Government's 5 per cent surcharge on the tariff. They have expressed concern that the surcharge may reduce ETSA's capacity to simultaneously maintain its commitment to limit tariff increases while accommodating the State Government's tariff surcharge, and maintain existing employment levels. (MOA Newsletter, 22nd June 1990)

These pressures have provided a positive inducement for managerial reform, as well as an acceptance of the need for reform within the key Unions involved in the authority. The Trust's Corporate Plan published in March 1989 contained an analysis of the future challenges facing ETSA including the cost pressures which have assumed such significance in recent discussions. The Plan argued that there was a need for a critical review of each of the four broad areas of cost, viz. labour, financing, fuel and costs emanating from materials, insurance and services. The problem of cost was highlighted with a comparative table showing the relative performance of each State in terms of the average price of electricity sold over the period 1979-1988. This Table showed S.A. and Western Australia to be the highest cost States on this measure. The Report went on to identify strategies for reviewing these areas of cost, suggesting that in the area of labour costs the key strategy would be to:

"Review our organizational structure and management and work practices to ensure our objectives are achieved in the most cost effective way." (1989 Corporate Plan p.12)

The Corporate Plan thus placed the review of labour costs in the broader context of organizational and workplace reform. While the management interpretation of external pressures is disputed by unions such as the MOA, the Unions have all accepted the need for reform. However they generally object to any single minded approach to reform based on savings in labour costs. As the MOA have expressed it in their monthly publication The Changing Times:

"Overall the total cost situation, caused by anything except labour cost increases, is to be remedied by an assault in the short term on labour costs." (The Changing Times, September, 1990)

Rimmer and Verevis (1990, p.106) concluded that the recognition of pressures for change was one of the factors common to the enterprises and industries which have been most successful in implementing award restructuring. The support given by ETSA management to award restructuring is clearly consistent with their perception of the problems facing the organization. However, as will be observed later, their analysis is equally consistent with the pursuit of savings through workforce reductions. For the unions award restructuring offers the possibility of many benefits for their members, and while they have not been opposed to some rationalization of the workforce they may be expected to treat any such proposals quite critically.

## WORKPLACE REFORM AND THE WAGE DETERMINATION SYSTEM

Workplace reform has emerged as a central objective of wages policy in recent years. What has emerged is a system in which national wage decisions have provided a framework, and incentives in the form of award increases, for the parties to pursue changes in work practices and work organization designed to enhance flexibility, efficiency and satisfaction in working arrangements. This move by the Australian Industrial Relations Commission towards "managed decentralism" (McDonald and Rimmer, 1989) or "administered flexibility" (Plowman, 1990) as it has been variously described, has taken place in the three national wage cases since 1987.

The origins of the initiatives have been described by a number of authors including MacDonal and Rimmer (1989) who refer to the increasing concern emerging in the OECD countries for workplace flexibility. (OECD, 1987) The development of the new approach to wage determination can also be explained by the reaction of the main parties to the Accord to increasing pressure from 'New Right' employers for radical changes in the nature of the industrial relations system. As Bramble (1989) argues, the ACTU moved to capture the workplace reform agenda through the 1986 Work Practices Summit. The new approach to wage determination enlisted the support of the majority of employers who were offered the opportunity to achieve the desired changes in work practices within a carefully regulated and largely consensual manner.

In the 1987 wage decision, the Commission made its first foray into this area with the so-called "second tier" decision. The second tier referred to an additional wage increase of up to 4% which would be available to those who could conclude agreements based on a new wage principle the restructuring and Efficiency Principle. This decision effectively introduced a process of productivity bargaining which exposed very clearly the complexity of the framework of awards and agreements, and the great differences in the climate of industrial relations across industries, enterprises and workplaces.

The August 1988 wage case built on this approach but focussed the wage system more directly on the content and structure of awards. A new wage principle the Structural Efficiency Principle (SEP) allowed for increases in award rates, in two stages provided that unions;

"... party to an award formally agree to co-operate positively in a fundamental review of that award with a view to implementing measures to improve the efficiency of industry and to provide workers with access to more varied, fulfilling and better paid jobs." (ACAC, Print H4000, p. 11)

In 1989 this approach was developed in a more rigorous manner with wage rises, again in two stages, being justified where;

"... the parties to an award have co-operated positively in a fundamental review of that award and are implementing measures to improve the efficiency of industry and provide workers with access to more varied, fulfilling and better paid jobs." (My emphasis, AIRC, Print H9100, August 1989)

The less directive wording of the 1988 principle was thus replaced with a form of words which suggested far tighter control over the kinds of proposition which would qualify for an award increase. It may also be noted that unions and employers were now expected to be jointly responsible whereas in 1988 the unions alone had been required to make a commitment to the review process. The difference in the presentation of the first and second SEP principles may go some way to explaining the relatively slow progress observed by Sloan and Wooden (1990) in their survey of responses to the SEP.

Because the underlying, but explicit agenda for award restructuring within industries and enterprises has been the reform of industrial relations practices and rules its implementation has inevitably exposed the characteristics of the bargaining structure and the climate of industrial relations within industries and enterprises.

## THE PATTERN AND CHARACTER OF INDUSTRIAL RELATIONS AT ETSA

The very significant State centredness of the Australian electricity industry and the vertical integration of generation and distribution in South Australia have the effect of creating a very special industrial relations environment.

### ETSA and Public Sector Industrial Relations

A factor of some importance in shaping ETSA's industrial relations is the fact that it is a public authority. It was noted above that recent changes to the ETSA's enabling Act provide for ministerial directions to be made to the authority. While this power has seldom been used in the formal sense, it is the basis of an on-going expectation that the authority will not undertake policies or action which would conflict with wider public policy.

In the industrial relations area some of the awards and agreements governing the employment conditions of ETSA employees are specific to ETSA, but in contrast others clearly have their origins in other industry or occupational awards such as the metal industry Award. The conditions most specific to ETSA are to be found in the awards and agreements covering clerical and administrative officers, where the MOA is the main respondent. This reflects the MOA's position as one of the main unions in the industry. While it only has 30% of its South Australian membership in ETSA, the rest being in Local Government, the union is the largest power industry on a national basis.

However, with a Labour Government in power there is observable pressure for a coherent and consistent approach to industrial issues across public service departments and authorities. What the government does in one area may quite well be used as an argument for general application across the public sector, and Ministers can easily find themselves under pressure from the UTLC or particular unions to adopt a consistent approach in all areas of the public sector. This issue has arisen in relation to workforce reductions in Marine and Harbours and the State's construction department, SACON, where the UTLC has sought favourable redundancy arrangements based on an earlier redundancy package offered in Marine and Harbours. The workforce reductions proposed by ETSA recently will be expected to follow the same pattern so that no further precedents are created.

### Workforce Composition and Characteristics

In common with many public utilities ETSA is, in effect, the industry. Employment mobility is limited to intrastate transfers, and the workforce is stable with a very low level of labour turnover. While the workforce has fallen since 1987 from 5965 employees to a total of 5696 at June 1990 (Annual Report 1989-90) this reduction has not been nearly as dramatic as the decreases in N.S.W., Victoria and Queensland where decreases of between 15% and 40% have been attained. (Eastham, 1989) Its leadership in labour productivity has been eroded since 1984 by the improved performance of authorities in N.S.W., Queensland and Victoria. (Lawrence, Swan and Zeitsch, 1990) In those authorities, particularly Queensland, the reduction of direct labour has contributed to the improved productivity performance. Union support for workforce reductions in the Osborne Power station and elsewhere, and the process of award restructuring attest to a level of general agreement over the need for improvements in workforce utilization. However it may be noted in passing that in one analysis of the complex question of productivity, correction of the comparative figures for the state-specific issues of scale, output composition and population centralization gives South Australia the lead in Total Factor Productivity. (Lawrence, Swan and Zeitsch, 1990) The latter two of these variables also correlate with a more labour intensive operation.

The workforce covers a diverse range of occupations with a fairly even division between "wages" and "salaried" staff. The organization is characterized by a tendency for all employees to undertake long periods of service, with the majority of new employees entering the workforce after completing their education. The distribution of employees by age shows a relatively even proportion of employees within each 10 year age group between 16 years and 45 years with a reasonably dramatic drop in proportions above 45 years of age (see Table 1). However, the age group 56-65 years accounts for approximately 8% of the workforce. The pattern of long service is given a positive image in the house magazine "Adelect" where there are regular features on long service awards and retirements. The pattern of workforce management can thus be quite reasonably described as that of an internal labour market. This is further reinforced by the pattern of awards and agreements regulating working conditions.

For many employees, particularly those in remote locations and Power stations where there are few attractive alternative employment opportunities, there are elements of an occupational community. To some extent the career structure and location of the Head Office employees has also yielded a similarly strong identification with the organization. This identity is carried over into the membership of several of the unions, where ETSA membership constitutes a significant proportion of members within the State. One union, the MOA has been described by some industrial officers as a "Division of ETSA". It is of some significance that unions are often used by quite senior staff to channel concerns over management policy to the public.

### Pattern of Employment Regulation

Until September 1990 the ETSA workforce was regulated by seven federal awards, one state award and six state certified agreements. The respondents included 11 Federally registered unions, and 8 registered with the South Australian Industrial Court and Commission. Each of the awards or agreements was either an adaptation of a parent award covering a wider group of employees, an appendix to such an award or agreement, or an award unique to ETSA. However, the overall effect of this patchwork is for a range of employment conditions which have been deliberately related in to the needs of the Trust in such areas as salaries leave and conditions. Indeed, the various awards and agreements were administered so as to minimize the differences between categories of employees. For example the practice in relation to annual sick leave entitlement was the same though the awards for wages as against salaried staff varied. The multiplicity of awards and agreements does, however, illustrate the occupational divisions within the workforce, a fact further attested to by the presence of a number of relatively small unions amongst the nineteen with representation. Table 2 summarizes the award coverage and respondancy as it was before the second Structural Efficiency decision in September 1990.

### Union Organization

ETSA employees are highly unionized and are organized in 19 unions as shown in the Table 3. It will be observed that two unions, the MOA and the ETU, are both considerably larger than any other single union and cover respectively 31% (MOA) and 25.6% (ETU) of union members at ETSA. The largest of the other unions accounts for no more than 6.6% of unionists. Some of these smaller unions are significant for the concentration of their membership in particular locations or occupations. Thus the APEA, covering the approximately 280 engineering staff is an important voice for a group of staff whose careers are central to the organization itself. ADSTE, with 330 members occupies a complementary role in this area, but its significance has been enhanced by its intention to amalgamate with the AMWU which has played such an influential role in the development of the micro-economic reform agenda nationally. (see Ewer, Higgins and Stevens, 1989) While the organization of electricity workers differs between States, the APEA, the ETU and the MOA each have a significant representation in all electrical supply authorities, and the MOA and ETU have been nominated by the ACTU as "principal unions" for the electricity supply industry.

Just as the Authorities themselves have not until recently shown any great commitment to inter-State coordination of their activities, State branches of each of the unions have tended to deal with the industrial issues on a State basis. Both of these tendencies may be breaking down. The inter-connection agreement between South Australia and Victoria promises much closer co-ordination between the future strategies of authorities in those two States. The MOA and FEDFA have both been involved in discussion with their Branches in other States over a coordinated approach to SEP, while all of the ETSA unions were represented a national Power Industry Conference convened by the ACTU prior to the 1989 National Wage Case.

As will be seen below one of the main outcome of the award restructuring has been a greater degree of formal coordination between ETSA's unions. Before this development, late in 1988 the many differences in membership concerns, external concerns and policy between the unions had made agreement on key issues difficult. In this situation the MOA, with the greatest number of ETSA employees amongst its members, has often taken a lead role in responding to management initiatives.

Three unions, the MOA, the ETU and the APEA have a very intricate association with ETSA. ETSA employees are well represented on their management committees, and each of them, but particularly the MOA and the ETU, has a significant national stake in the electricity industry. At the State level they had a large concentration of members in ETSA. While the union representation is too diverse and not sufficiently concentrated in ETSA to suggest that they are in any way captive of ETSA or the electricity supply industry, there are significant areas in which these two key unions would prefer to develop a common approach to the

industry and its employment practices. The ACTU has recently accorded the MOA and the ETU the status of Principal unions within the industry.

The MOA, whose base is in the clerical and administrative areas, is opposed to any change in the ownership of the Trust, and argues that an agreed programme of reform would avoid such changes. While they have exhibited considerable cooperation with management over many issues, including the closing down of older generation facilities, they also exhibit very strong, often critical views on the attitude of ETSA managers to consultation and employment security.

The ETU, has an approach which is more specifically oriented to the promotion and preservation of the interests of electrical tradespersons generally. Differences between Federal and State officials, and a well established policy of defending the definition of trade skills has made it more difficult for the ETU to respond to many award restructuring initiatives. Indeed their position in relation to the development of flexible job definitions and career paths is yet to be clearly defined.

The APEA, representing the interests of the significant number of engineering staff within the Trust faces a direct threat from proposals for union rationalization within the industry in that it is a narrowly focused and relatively small union. Other unions have added particular matters to the discussion of industrial strategies relate to SEP.

The union situation at ETSA is thus one which favoured enterprise specific negotiations over award restructuring. Moreover, the framework of coordination which developed early in 1989 has ensured that the unions speak with a common voice on important issues, thereby avoiding the tendency observed in many enterprises (Rimmer, 1989) for multi-unionism to prevent the unions from pursuing the potential benefits of the award restructuring process. It is indicative of the importance of enterprise related issues that the AMWU, arguably the union which is most directly responsible for the movement towards reform in the Australian system of wage determination (see Ewer, Higgins & Stevens), has not been able to gain acceptance for its own approach to award restructuring in ETSA. In fact some elements of the ETSA proposals contradict the directions being taken in the Engineering industry.

### Management Style and Structure

An important characteristic of ETSA's development has been the development of well structured policies in the area of industrial relations and human resource management. The organization was widely regarded within the public sector as having developed a progressive and competent approach in these areas. One important example was their strong support for the education and training of employees at all levels. Many senior managers and senior trades employees in the organization owe their formal education to financial and other support by the Trust, which was acknowledged as a leader in employee development in the sixties.

In the industrial relations arena the style of ETSA management until recently could be described as "constitutional" (Purcell, 1981) in that relationships with unions and the approach taken to the creation, administration and modification of employment conditions followed formally prescribed rules and procedures. The industrial relations section was staffed by people with training and experience in the core skills of advocacy and rule application. In this approach the industrial relations practitioner was a specialist working within a highly structured system of industrial rule-making, which would determine specific workplace rules to be applied in the organization. In this regard, industrial relations was less driven by any strategic direction of the organization than by the conventions and processes of the industrial relations system. An adversarial tradition underpinned this approach, rather than one based on a perception of common problems. Linkages between occupations and awards were the result of industrial conventions and decisions unrelated to the needs of the organization.

Attachment to this very rigid approach to industrial relations was broken only recently with the emergence of a more integrative approach to employee relations which has emerged with the organizational change programme initiated in 1988, and the changes in industrial relations which have emerged since the Commission's "Second Tier decision" in 1987.

The goal is now clearly articulated as an attempt to link workplace regulation to the expressed directions being taken by ETSA at the corporate level. A less prescriptive and more homogeneous set of award prescriptions is sought which will provide flexibility and higher levels of efficiency within the workplace. A

more integrated workforce, with simplified union representation are sought in the longer term, a process which would achieve the kind of internal labour market strategy identified by Curtain and Mathews (1990). These changes are described below.

The very deliberate and comprehensive approach to organizational change which gathered pace during 1988 was novel for ETSA. It may not therefore be surprising, given the way in which industrial relations had been managed to this time, that they would experience some difficulty in reconciling their own reform plans with the expectations of key unions in relation to the micro-economic reform agenda emanating from the Industrial Relations Commission.

## IMPLEMENTING WORKPLACE CHANGE: THE SECOND TIER DECISION, 1987

As mentioned above, the management of industrial relations at ETSA has begun to change in recent years. The change can be clearly associated with the handling of the Commissions's "Second Tier" decision in 1987, which may be seen as a transition from the old approach to that which is now in place. This decision did in fact demand somewhat novel responses from industrial relations professionals, in that they were required to undertake a process of negotiation over changes in management and work practices in order to justify the awarding of the projected 4% wage increase above the national wage adjustment. ETSA'S approached the negotiations over this pay increase with a recognition that it offered an opportunity to make real gains in productivity and flexibility. The negotiations were co-coordinated by three senior officers, including the Industrial Relations Manager, a former industrial relations officer, and another officer from the Human Resources area. At the detailed level of negotiation the Industrial Relations manager advised a more diverse group of officers. The process of negotiation was undertaken in a relatively short time scale, though not without considerable consultation and discussion between the negotiation team, staff and unions. The outcomes are consistent with outcomes in many other industries (see Rimmer & Zappala, 1989). A subsequent "Post Implementation Review" by the Trust's Internal Audit Group (ETSA, July 1988) concluded that the actual savings were likely to exceed 4 per cent. More significantly this Report advocated important changes to the management of industrial relations in the Trust, changes which have to a large degree now been implemented. They included:

- \* Giving an executive specific responsibility for the strategic direction and management of employee relations;
- \* Development of a management philosophy and organizational vision to guide employee relations;
- \* Specific strategies to improve employee relations;
- \* Implementation of an integrated and systematic approach to the changing of work organization, remuneration and performance measurement;
- \* Improved training in employee relations and the management of change for supervisors, managers and employees;
- \* A strategic plan for employee relations designed to integrate the work of several sections involved with aspects of personnel practice or industrial relations;
- \* Development of means for measuring and reviewing employee relations improvements.ÿ

Taken as a whole these recommendations reflected a broader approach to industrial relations, one linked more directly with corporate objectives, and one which is associated quite directly with the appointment of the new General Manager in May 1988. The first three of the recommendations have been implemented progressively since that time, and the fourth is being addressed within the context of Award restructuring. The development of a statement of corporate philosophy, known as Purpose Vision and Goals (PVG) in June 1988, represented the first step in this process. Subsequent development in 1989 of a Corporate Plan and the re-organization of Executive responsibilities which has brought the industrial relations branch, and associated sections dealing with personnel and related matters together in a Corporate Human Resources Division designed to give a clearer focus to the management of human resources at the executive level, are an extension of the same approach.

The processes leading up to the Second Tier Agreement also brought home the variety of workplace industrial relations situations within the organization. Some power station groups were characterized by poor management-employee relationships whereas the maintenance groups in power distribution were more positive about change in traditional supervisory relationships, and more cooperative in their relationship with management. This diversity suggested that any process of change in the organization of work was unlikely to be successful if pursued through authoritative directions from senior management. The decentralization of industrial relations activities was an obvious path to improving the ability of the organization to deal with its internal diversity. A more subtle outcome of the Second Tier was thus a greater appreciation of the potential for building a new and more positive organizational climate through attention to the varying and diverse needs of particular work groups. In this way the commitment of employees to the organization might be enhanced, and their reliance on union advocacy decreased.

With these changes it is clear that the management of ETSA was embarking on a new direction in the management of industrial relations at this time, a direction which has been developed progressively since that time.

## THE STRUCTURAL EFFICIENCY PRINCIPLE - AUGUST 1988

### The Decision

As described above the August 1988 decision further refined the Commission's new approach to wage determination, and linked award wage increases more directly to award restructuring activities. The decision provided for an immediate 3% award pay increase with a flat amount of \$10 to follow six months later. While the 1987 "Two Tier" approach had required a degree of consultation between unions and management the new decision provided a more direct focus in terms of changes to the award itself. As it transpired the decision coincided with a more structured approach to organizational change within ETSA, and with the decision to close one of the older power stations. The coincidence of these events produced some immediate friction with the unions.

### Negotiating Consultative Arrangements

The Commission's decision of August 1988 came at a time of change within ETSA. The first attempt by management to produce a new corporate direction occurred in September 1988 with the release of a statement entitled Purpose Vision and Guiding Principles which followed the August 1988 Wage decision incorporating SEP. In order to obtain the wage increases under this decision ETSA and the unions had made an undertaking to an on-going process of discussion and negotiation over possible changes in work organization, career structures and award responsiveness. The release of a draft Corporate Plan to unions, without any prior discussion of its contents, in September produced an extremely hostile reaction from the union officials who saw the plan as contradicting the intentions of the award restructuring process and the process of consultation which the Trust had entered into as part of the 1988 wage decision. A process of negotiations followed under the auspices of the UTLC in which ETSA management agreed to the development of a more formal consultative arrangement with the unions covering the whole area of organizational change.

As it transpired the formal agreement, which took the form of a Memorandum of Understanding on Consultation, took some months to negotiate and was not published until April 1989. The Corporate Plan published at the same time also contains a commitment to consultation consistent with this new direction. In its discussion of the processes to be pursued to achieve the new corporate objectives industrial relations is identified as one of thirty seven areas to be given immediate attention. The goal sought in industrial relations is:

"Goal: To ensure harmonious industrial relations through effective involvement and consultation with our employees and their representatives."

More specifically an immediate objective was to determine,

"... mutually beneficial procedures and mechanisms for undertaking the initial restructuring and Efficiency (sic) Negotiations by February 1989."

(No significance appears to attach to the document's confusion of the new SEP and the previous 1987 Wage Principle entitled "Restructuring and Efficiency".)

### Consultative Arrangements

For unions consultation was of fundamental importance to any programme of change, such as that suggested by the Structural Efficiency Principle. The Memorandum provided;

".. a framework within which the parties can co-operate in a structural efficiency review of ETSA;"

A system of consultative committees was established under this agreement at organizational and work areas. At the organizational level a steering committee was established to oversight the process of review. This Committee, known as the ETSA/UTLC Industry and Award restructuring Committee [IARCC], consisted of six nominees of the UTLC and ETSA respectively. One of the management nominees was required to be the person responsible for Equal Employment Opportunity, and one the Deputy General Manager. This body has played an important role in providing a strategic direction to the implementation of the SEP, and has been the forum for negotiation over key reform proposals by ETSA management.

Subsidiary to this "steering committee" a series of Work Area Consultative Committees [WACC's] were established to oversight the review at work place level, and a third system of consultation in the form of specialist Task Forces was also established to deal with more complex and technical matters affecting the whole organization arising from the review. Their composition is consistent with that of the WACC's.

There are several interesting aspects of the agreement on consultation which deserve comment. Firstly, it asserts that consultation will be based on the "single channel" principle, that is, that all consultation, negotiation or joint decision making should be conducted through union officials, lay officials or people nominated by the unions. This principle is a significant expression of the view that employee participation may be used to usurp or replace the formal representative of employees interests. The principle was one developed in South Australia originally in relation to the industrial democracy policies of the Dunstan government. (Anderson, 1977)

A second aspect of the agreement is ETSA's guarantee of job security. More specifically ETSA undertook that there would be no "forced redundancies or retrenchments". This principle is important in part because of the increasing speculation over large scale staff reductions within the organization.

The ensuing experience with the consultative processes set in train at this time are of some significance to any assessment of the impact of the SEP, in that they reflect quite directly on the character of the management-union relationship. Consultation implies that managers have accepted the legitimacy of unions, and more particularly the legitimacy of their interest in the range of matters raised by management in the context of the SEP. However, many of the matters thus exposed to open or joint discussion may have importance for the ability of managers to introduce novel directions in organizational policy. Consultation over some matters may well restrict the ability of managers to choose policies or directions which would offer more effective solutions for them. The agreement as it was negotiated thus implied some limitation on the discretionary behaviour of ETSA management.

The main weakness which was to emerge in this consultative framework was the lack of clarity over the meaning of consultation. The absence of a clear and shared understanding by either unions or management as to the obligations and limitations inherent in the relationship came to the fore in the "rightsizing" dispute discussed below.

#### Implementing the Review

Further progress on the Review required under the SEP was initially structured by ETSA. In March 1989 the Trust presented a document entitled "ETSA Draft Proposals on Award Restructuring" to the first meeting of the ETSA/UTLC Industry and Award restructuring Committee. The proposal was a calculated attempt to determine the on-going agenda. ETSA proposed a two stage approach which aimed to move from basic gains in the short term to more fundamental changes later.

The objectives of the first stage were to achieve greater flexibility on working arrangements in those awards where job classifications were narrowly defined. Awards covering the Metals Trades were cited as a particular area where flexible work practices were sought. A number of work areas were identified for a closer study of work arrangements by WACC's or Task Forces, and these were to include the use of Skills Audits by ETSA Training Branch. The areas nominated for immediate attention were ones where management were already experiencing problems related to work organization and work practices. These included sections of the power stations, Leigh Creek and distribution areas. The first stage was presented with a view to approaching the Commission in October to ratify these basic objectives.

The second stage of ETSA's planned review envisaged a more fundamental review of work and management practices, organizational structures, job definitions, and the development of vocational training modules. In pursuing its plan ETSA proposed that the principles to be addressed should be;

- \* uniform conditions for all employees;
- \* elimination of distinctions between salaried and wages employees;
- \* a small number of broadly defined job groupings within which all employees with the appropriate skills and competence would undertake all tasks;

- \* job classifications to be related to national standards wherever possible;ÿ
- \* salary increments to be based on skills and demonstrated competence;
- \* greater emphasis on training and improved career opportunities;
- \* flexibility for local agreements over working arrangements;
- \* redesign of jobs.

ETSA made two further significant proposals. One was for a joint union-Management Education strategy to prepare the workforce for change. The second was an offer to appoint a full time liaison officer to assist the unions in coordinating their award restructuring and related activities. Both of these proposals had been implemented by the August 1989 National Wage Case decision.

### Education and Training

The unions had pressed the issue of providing training for employees in skills and knowledge relevant to restructuring from the time of ETSA's had presented its original approach to restructuring. As a result it was an area in which joint activities were readily accepted. The educational strategy which developed is marked by a considerable degree of common purpose and innovation. Two aspects deserve mention. Firstly the training of specialized union Power Industry Trainers (UPIT's), who were to undertake key responsibility in developing and delivering training for shop stewards and union members at the workplace level. The UPIT's were carefully selected workplace representatives, who were given intensive training through TUTA to equip them for a role as workplace change agents. They were nominated by the unions and seconded on full pay by ETSA to the ETSA Training Department, where they were to work with TUTA representatives in developing training strategies and programmes related to award restructuring. (AIRCC Minutes 16/6/89) Initially three employees were seconded to become UPIT's, and since that time the number has grown to eight. A significant problem has emerged in the context of award restructuring in retaining these highly trained people in the roles assigned to them.

### Union Coordination

One of the more important outcomes of this period was the greater level of inter-union coordination which emerged. While several of the ETSA unions had expressed concern over the dangers of disunity for the implementation of the SEP, and other organizational reforms, any degree of unity had been inhibited by a degree of mutual distrust between unions with varying agendas. However the Trust's industrial relations staff had also recognized the difficulty of pursuing any coherent change programme without unity on the union side and in March 1989 they offered to appoint a person the coordinate union activities related to SEP. In part their motives were based on a recognition that the considerable amount of detailed work then being planned in training and workplace discussion could drift without some administrative support. The offer was not immediately accepted by the unions, but in August the MOA in its widely distributed "MOA NEWS", acknowledged to be the most important industrial newsletter reaching the workplace, boasted of an initiative it claimed was designed to;

"... obtain unified union objectives for award and industry restructuring in ETSA."

A meeting convened by the MOA subsequently appears to have brought the matter forward, as an advertisement for a "Union Coordinator - Industry and Award Restructuring" appeared in September. Shortly afterwards a former ASE shop steward was seconded to the position. From that time the unions' approach to SEP and related matters has been more coherent and consistent as is evident in the regular formal meetings between them. Further evidence of a desire for coordinated activity by the unions is the practice of using an officer from the UTLC to represent their combined interests before the Industrial Relations Commission.

The ETSA award restructuring proposals became the basis of negotiations related to the revised wage principles established in the August 1989 National Wage Case, while the consultative arrangements established in March 1988 have been the mechanism through which changes have been explored and implemented since that time.

## THE SECOND STRUCTURAL EFFICIENCY DECISION, 1989

### The Decision

The August National Wage Case decision provided that pay increases under the SEP would be related to the implementation of specific structural changes. The first pay increase, equivalent to 3 per cent or \$15 (whichever was the greater) was available immediately, subject to two conditions. Firstly unions were required to give a commitment not to pursue any extra claims inconsistent with the Principles, and secondly, the proposals for restructuring agreed by the parties were to be examined by the Commission. A second increase of a similar amount was to be available not less than six months after the initial decision, but only on the basis of the Commission's examination of a specific application for the increase by the parties. This would allow the Commission to determine that the proposals were in fact being implemented.

### The Composite Agreement

These requirements had the effect of establishing a time scale on negotiations over structural efficiency, a time scale dictated by the Commission rather than the practicalities of changing work arrangements and organization. Never the less both unions and management had a common interest in delivering the anticipated increases in wages and salaries with a minimum of delay. The time scale thus created considerable pressures for those involved in the detailed review of workplace arrangements. However both unions and management were confident that the progress they had made in formally agreeing to a framework for further workplace and organizational reform, which was embodied in a so-called Composite Agreement signed on August 7th 1989, would provide a substantial basis for this first increase under the SEP.

For union negotiators the Composite Agreement substantiated agreement on a number of basic issues which had been pressed in response to the Trust's initial Draft Proposal on Award Restructuring. These included the Trust's attitude to redundancy consultation, and education respectively. The position on each was re-affirmed in the subsequent Composite Agreement.

From ETSA's viewpoint the most significant outcomes of the negotiation process embodied in the Composite Agreement was the acceptance of a programme of reform at the workplace level consistent with their broader efforts at restructuring the organization. The Composite Agreement thus represented the successful realization of a well constructed programme initiated in March 1989. It provided the basis of a longer term strategy for workplace reform.

While the unions and management may have been well satisfied with their achievements at this time the Commission displayed a cautious and critical attitude to their submission for the first pay increase under the SEP. In their submissions the parties referred to the Memorandum on Consultation, progress made in the workforce education programme and the undertaking to appoint a Union Coordinating Officer. In his decision Deputy President Hancock argued that:

"Such statements, though commendable, do not imply definite outcomes in terms of the structural efficiency objective. The appendices to a large degree express agreements to review and investigate rather than commit the parties to concrete reforms." (Print J0403, 27th November 1989, p.3.)

He differed with the interpretation of the Principle offered by ETSA's advocate, who had been forced to undertake a detailed and extended submission to satisfy the Commission during the course of the hearing. As he expressed the situation in his judgement Hancock the August 1988 decision had clearly allowed wage rises for a commitment to a process of review, as no definite outcomes could be expected at that stage. However, with the passing of a year since then, Hancock argued, some definite outcomes from the discussions initiated in 1988 might reasonably be expected in justification of a wage increase under the 1989 Principles. However, in granting the rise Hancock did accept that a considerable amount of work had been done, in his words;

"... to achieve a favourable culture." (p.5)

At the same time he accepted the invitation of parties to review their progress towards implementation with a further hearing in February, to ensure that some "concrete" progress would be achieved to justify the second increase.

In part Hancock's approach to this matter indicates the difficulty the Commission has in providing a universally applicable rule to cover change in a wide range of enterprises and workplaces. In both the 1988 and 1989 cases the Commission stressed repeatedly their unwillingness to approve applications for wage increases based on "contrived" cases. His rigorous and seemingly grudging acceptance of the considerable difficulties entailed in developing the reform process to that time may be seen as an essential step in maintaining the credibility of the Commission in relation to the Principle.

### The Reform Programme

As noted above a highly structured system of consultation was instituted as the basis for pursuing workplace reform within ETSA. Since their establishment in April 1989 these committees have undertaken important, and in many cases very detailed work consistent with the longer term re-structuring objectives agreed to by management and unions.

At the "peak" level, the AIRCC has provided strategic direction to the process. It has allowed management proposals on the objectives of the change process to be dealt with in an orderly and business like manner by the combined unions. This process has been assisted by the ability of the unions to caucus separately. In these union meetings, attended by the majority of ETSA unions, a common position on management agenda items is sought, so as to strengthen the union position in the discussions which follow. Achievement of union unity is thus a basic achievement of the whole structure of consultation within ETSA, though as one manager observed there are still several small unions which can still create problems through their lack of involvement or identification with the process.

At the workplace level the WACC's provide a means of reviewing workplace and work organization. At the time of writing there are 52 such Committees operating in various parts of the organization. The composition of these Committees is determined by the IARC and in practice are composed of ETSA employees nominated by management and unions respectively. These Committees vary greatly in their terms of reference and in their effectiveness. Indeed the experience with WACC's has drawn attention to the internal diversity of work situations within ETSA, a fact often disregarded when the larger principles of workplace re-organization are under discussion.

Some of these committees have been extremely effective in breaking down demarcation barriers. One WACC, the Continuous Mining Work Area Consultative Committee, which brought together TWU and CMEU members to review working arrangements which inhibited continuous mining exceeded the expectations of both management and union officials in the scale and detail of its recommendations. The relatively poor quality and increasingly difficult to mine coal at Leigh Creek has made the search for improved mining practice a central goal for management in their efforts to maintain or reduce fuel costs. Continuous mining, that is the practice of mining continuing during meal and shift breaks had always offered the prospect of easy productivity gains. However, the idea had consistently foundered on the inability of the workforce, divided between TWU members driving trucks, and CMEU members operating the crushing plant, to agree to more flexible demarcation arrangements. The recommendations of the CMWACC, which have since been embodied in an Industrial Agreement, involved staggered meal and shift breaks, and the acceptance of more flexible job definitions by the workers. An immediate and easily measured increase in production of 10% resulted.

In contrast another WACC, at the Torrens Island power station, a location with long standing industrial problems has tended to become preoccupied with internal debate over terms of reference and the rights of management to attend meetings. This relatively negative approach points to the variance of workplace experience, and the susceptibility of workplace reform to the climate within the workplace itself. ETSA's past industrial relations strategy focussed on formal arrangements and Commission decision has clearly not addressed the particular needs and characteristics of particular locations well. The emerging strategy offers an opportunity to develop a firmer basis of mutual understanding.

The other consultative body established in 1989, the Task Forces, have been involved in strategic organizational issues associated with the implementation of the SEP and the workplace reform process. At the time of writing there are six such bodies operating. They are set up to deal with issues which go beyond a single workplace, or matters basic to the attainment of workplace reform in the longer term. Two Task Forces have been given the task of developing new classification structures in the salaried and wages areas respectively; another is developing skills profiles; another is examining the special issue of maintenance

work, and the others are deal respectively with employment policies and procedures and counselling programmes for employees re-deployed as a result of workplace reforms. This latter group has the services of a social worker and other trained staff.

The classification Task Forces have developed a general approach to a revised classification structure. While the longer term objective of ETSA management is to institute a single salary structure, with a single multi-union award, the immediate objective is to rationalize the structure on either side of the traditional divide between wages and salaried staff. In the salaried area a six to nine level unified structure is proposed, which is to be based on detailed job evaluation. While job evaluation has been proposed in the absence of any external standards for the diversity of jobs undertaken in this area, the use of such an approach also allows an enterprise specific structure to be developed. Salary points within each of the levels would allow progression based on competency and performance, again matters based on the particular needs of ETSA.

In the wages area a final unified 10 level pay structure is proposed, with five separate generic skill streams sharing the structure. The pattern here is analogous to the Metal Industry scheme. An interim structure of 19 levels (reduced through broadbanding from the existing 360 discrete classifications) is proposed to allow time for the principles to be developed and applied to each group of workers. These structural changes were embodied in draft Interim Awards for presentation to the Commission in May, when the second 3% instalment was sought.

In its presentation to the Commission, ETSA responded to the Commissions challenge that little substantive progress had been made by arguing that the whole process of work reform and re-classification would take at least another two years if it were to be accepted by the workforce. The advocate pointed out that the urgency of reform implicit in the Commission's adoption of the SEP were not well understood by the workforce. In particular he suggested that;

"It is a message that is not easily received, particularly in an organization that is as of say a year ago in a monopoly situation totally isolated from the rest of the country. There was no inter-connection prior to February of this year. An organization that is not competing internationally, ... which has a background, a history and a culture that has placed a great deal of emphasis on job security ..."

After an extended hearing, twice adjourned, the Interim Awards were ratified in September. This resulted in a translation of all existing occupations, with the exception of those under the nursing award, into three Interim Awards, an ETSA (Interim) Salaries Award, and an ETSA (Interim) Wages Award in the Federal jurisdiction and an ETSA (Interim) State Wages Award in the State industrial jurisdiction.

#### Conflict Over Basics - "The Rightsizing" Dispute

The processes of managerial reform and industry and award restructuring were thrown into sharp relief in July 1990, when a letter from the General Manager to Divisional managers concerning the need to address the size of the workforce was leaked to unions. The Memorandum summarized what it referred to as the "key change thrusts" being pursued before signalling a greater sense of urgency about the size of the workforce with the statement that;

"One thrust which now requires greater emphasis is that of Rightsizing. Accordingly the Board has decided to 'Rightsize' the organization. The initial step of Rightsizing requires each Division to analyze its business activities and produce plans which will enable the Division to operate more efficiently, possible with less people."

The immediate reaction of unions was to protest at both the lack of consultation involved in the directive, and the implication that there would be workforce reductions inconsistent with the "no forced redundancy" undertakings by management. Their reaction against the memorandum must seen in the light of three main factors.

Firstly, and most immediately, there was, at this time, considerable public discussion over the financial position that the State would find itself following the outcomes of the June Premiers' Conference when the burden of micro-economic reform was effectively passed to the States. Speculation about a disastrous State budget, and initial moves to rationalize the workforce levels in two public sector departments, the SACON and Marine and Harbours, fuelled speculation that a wholesale reduction in public sector employment levels might emerge in the context of the budget.

Secondly, the response must be seen against the background of well expressed concerns by ETSA unions over employment security. These had been embodied in the Composite Agreement, and addressed by the unions, particularly the MOA on several occasions. In particular they addressed the possibility of job losses with the following motion; viz.:

"That ETSA be advised that regardless of our acceptance of managed change, and the ETSA guarantee of natural attrition to achieve any staff reductions, each and every proposal to reduce activities or jobs will be assessed on

1. Its own merits, and
2. the adequacy and fairness of the Trust offer for re-allocation of duties and people.

Appropriate action will be taken to facilitate or resist as circumstances dictate."

(MOA Newsletter No. 23/89, September 11th 1989)

Finally, the difference in priorities relating to organizational reform and SEP which had emerged in September 1988 had essentially involved the same conflict between management prerogative and union involvement. For the MOA at least this issue appears to have some priority. The MOA had the dispute listed in the Federal Commission as a breach of the October Wage decision, in which consultation had been re-affirmed.

While there were several attempts to resolve the dispute before the hearing they failed. The MOA initiative was supported by the ETSA unions and the UTLC's Senior Industrial Officer was asked to present the unions' case to the Commission. Essentially the meetings between the notification of dispute and the hearing addressed the related issues of organizational change and consultation. What emerged was a clear difference in view between the parties over the meaning of consultation. In some respects this difference had always been apparent to the parties, in that one side regarded some matters as a matter of prerogative, and the other sought a greater say in the affairs of the industry than currently existed. However, the differences had remained largely latent in the absence of any pressure on the processes of change. One factor which appears to have influenced the change was the change in economic outlook which accompanied the June Premier's Conference. However, it is made clear in the General Manager's Memorandum that the considerations which had contributed to the need for an accelerated pace of change were;

- \* ETSA's comparative price with other Australian electricity utilities.
- \* Award and industry restructuring; and more recently,
- \* Federal inquiry into the power industry.

These considerations help to explain a shift in emphasis during June at top management level towards a more assertive approach to cost reduction. Workforce levels were targeted for immediate review, and the notion of rightsizing, borrowed from American usage, was introduced to dramatize the new emphasis in the management change programme. Subsequently the Human Resources group attempted to clarify the new direction, by distinguishing between immediate and urgent workforce review processes, and longer term processes of workforce review which were proposed as an on-going element of workforce management. What concerned the unions was that ETSA proposed that the immediate rightsizing project initiated in the Memorandum was not one for consultation, whereas the on-going process would be. This distinction was brought into sharp relief during the Industrial Commission hearing in August, and was presented as a betrayal of the consultative undertakings entered into in the context of award and industry restructuring.

The Commission's decision was carefully balanced and avoided any substantive change to the agreements already entered into. However, it quite clearly directed ETSA to consult on the immediate rightsizing implementation, while counselling the ETSA unions against using the right to consult as a veto power. Thus while the decision did expose the illogical proposition that consultation could be selective, it did not challenge the right of management to determine a programme of workforce reductions.

The issue was not entirely resolved by the Commission, as ETSA was still developing plans to facilitate workforce reductions should they be agreed to. In particular they undertook a study of "separation packages" so as to provide a means of reducing employee numbers as the opportunity arose. At this time the State government was itself negotiating a package for application to employees in Marine and Harbours, over which there had been considerable industrial unrest. Not surprisingly the government indicated

informally to ETSA that it wished ETSA to follow the guidelines which had been negotiated with such difficulty for the public service. ETSA's management had until this time seen the industrial matter as one peculiar to itself, and was surprised to be given such strong direction by the government. It is all the more surprising then that the Acting General Manager then announced in a Memorandum to all staff (3/10/90) their proposals with respect to early retirement. Not only did this statement re-kindle the industrial issue, but it brought about an extremely critical reaction from the government itself.

In all there were three further conferences in the IRC in relation to this issue. The outcome was a substantial programme of consultation between management and unions aimed at identifying redundant positions. This process which is coming to an end at the time of writing is expected to yield the possibility of an agreed reduction of 630 positions, which would translate into approximately 400 jobs. A voluntary separation package, similar to that being offered elsewhere in the public sector is being offered to people occupying these jobs.

While the "rightsizing" dispute has delayed the proposals for staff reductions by several months over the original targets sought by ETSA managers, they are none the less being achieved.

## OUTCOMES

The main industrial outcomes relate to the new award structure and evolution of the consultative processes. As mentioned above the new Interim Awards provide a basis for a new structure of occupational classifications at ETSA. Moreover their "interim" nature relates to plans to further develop the classification structure into an integrated scale for all staff. These new structures are expected to provide for more flexible work organization and for a reward structure related to skills and performance. The Interim award represents an important stage in the plan to restructure the organization. However, the actual reconstruction of work organization and job definitions has yet to be implemented.

The groundwork for this new structure has been undertaken in the WACC's and the various Task Forces set up in 1989. As these bodies complete their reviews their work is being transferred to a group in the new Human Resources Division where detailed proposals will be developed and implemented. However, this process brings to an end the extensive consultative structure described above. In its place management has proposed the establishment of an "ETSA unions Consultative Forum" at the enterprise level. This body is expected to deal consider and discuss long terms issue, such as the forthcoming five year business plan, leaving immediate local issues to be handled through managers at that level. Formal consultation would thus be circumscribed, and any continuation of consultation at the workplace level left to the discretion of managers.

## CONCLUSIONS

A variety of studies have recently been published dealing with the implementation of award restructuring (Sloan and Wooden, 1990; Rimmer and Verevis, 1990; Curtain and Mathews, 1990). This study provides further evidence that the implementation of the various Commission decisions on award restructuring is inextricably influenced by the character of the organisation, union representation and character, and other aspects of bargaining structure. The external product and labour markets have also been found to exert a significant degree of influence on the commitment given by management and unions to the process of award restructuring.

External pressures for change have been manifested in the attitude of the State government to ETSA's structure and policies, and in the recent Report of the Industry Commission. The impact of these pressures has been slightly different for unions and management. While management has clearly placed award restructuring within the context of a wider programme of organisational reform, the unions have focussed attention on the conditions provided under the Industrial Relations Commission's award restructuring decisions. Moreover, they have exhibited some suspicion about the possible outcomes of the overall programme of change emerging in the industry, particularly where it appears to impact on employment levels or ownership. These differences have contributed to some tension over the manner of change, notably the consultative process, but as Rimmer and Verevis have observed in their study the gains foreseen by both parties have provided the driving force for the whole process of change. (1990, p.106-7)

The impact of the changes described above has been shaped by the bargaining structure within ETSA. Four factors are of particular interest: management strategies; union coordination and policies; the level of negotiation; and the range of issues included in the discussions.

For management the process of award restructuring is seen within the context of a larger organisational change agenda. As it transpired the organisational change programme was being developed at the same time as the Industrial Relations Commission began focussing its wage decisions on enterprise and workplace outcomes. Senior managers concluded that it would be useful to integrate the issues arising in the context of award restructuring with their wider programme of organisational change. By implication the longer term priorities and objectives of organisational change have not been changed. This may help to explain why there appears to be mixture of what Curtain and Mathews (1990, p.19) have termed Cost Minimisation and Productivity Enhancement strategies in the management approaches to workplace reform. The mixing of apparently contradictory strategies may be explained by a very pragmatic approach to award restructuring, wherein ETSA management hope to resolve immediate pressures in a manner which provides some progress in the longer term objective of improving organisational productivity. Workforce reductions and a relatively utilitarian approach to the development of new job classification structures are acceptable ends for the short term at least, in that they may be seen to deliver some improvement. The broader strategic view of these issues may still be a preferred solution, awaiting time for development.

One further aspect of the management approach which is likely to influence the future industrial relations climate within ETSA is the way industrial relations itself is now managed. Award restructuring has contributed to a reduction in the autonomy and isolation of industrial relations from the main-stream of organisational life. Not only is there now a conscious effort to delegate the day to day industrial relations matters to line managers, but the formation and development of the new Human Resource Division has reduced the monopoly of industrial relations specialists. The new Division seeks to provide broader advice and planning across the several specialist areas, and as a result industrial relations activities are shared by a greater number of people. The overall effect of this is to substitute a technical rationality in the area for a broader and more comprehensive management approach to people management.

ETSA has an established system of enterprise bargaining. While the existing award structure and content do not conform to Rimmer's (1989) notion of a "comprehensive enterprise award", the Interim Award ratified in September 1990 represents a substantial rationalization of the old award structure and a move towards an enterprise award as that term is described by Rimmer. For the two unions nominated as "principal unions" for the industry by the ACTU an obvious advantage of this approach is the reduction, or even elimination of the influence of the smaller unions, or those with a heavy investment in other industries. An on-going complication is the role to be assigned the APEA, in the emerging scheme. For management the enterprise award path is quite overtly seen to be an integral part of a new "organisational culture" which they expect to provide the basis of a committed, flexible and productive workforce in the future.

Union policies and strategies were, initially at least, complicated by rivalry and disagreement between the various unions. This partly reflected differences in approach to award restructuring itself, with some unions seeking the adaptation of models from other industries and others seeking to develop a more enterprise or industry specific approach with ETSA management. While there continue to be differences in the approach and interests of the various unions, establishment of the formal consultative arrangements has done much to impel a resolution of immediate conflicts over the implementation of award restructuring. However the experience does appear to indicate real difficulties in multi-union bargaining units where some unions have a greater investment in other industries. In terms of the issues addressed in the process, the unions have not sought to limit that agenda. On the contrary it is clear that they have attempted to push the issue of consultation, and have made significant contributions in the development of training programmes to support the process.

Prior to award restructuring industrial negotiations at ETSA have always been focussed on discussions between management and unions at the enterprise level. The process of consultation described in this study potentially marked a change from this focus towards a more articulated approach to changes in industrial practice. It is also consistent with a localization of employment relationships which should follow from the greater direct responsibilities being expected of line managers. However, as it has transpired, the structure of consultation has a limited life, the only long term survivor being an enterprise level consultative body based on the AIRCC. The enterprise level has thus been affirmed as the primary level of negotiation. At the same time the process of consultation and information sharing which has accompanied award restructuring has almost certainly brought a much greater level of understanding and sophistication to the understanding of industrial relations by ETSA employees.

The range of issue discussed within the framework of award restructuring has been wider than in many industries (Rimmer and Verevis, 1990, p.100), with the agenda extending beyond the framework proposed by the Commission to embrace a rationalization of awards and integrated salary structures. However with the exception of the issue of workforce reductions, management has not sought any wholesale attack on existing terms of employment such as penalties. Even in the case of workforce reductions several unions were supportive of the principal, but objected to the process used to achieve them.

This experience suggests that there is much continuity in the approach to industrial relations at ETSA as well as some change in style and structure. Here it is relevant to observe the approach by both unions and management to the wage rises under SEP. Both parties certainly saw the increases as a reasonable expectation for the workforce, and one which they should make every endeavour to deliver in the time frame laid down by the Commission. This is consistent with several of the experiences analyzed by Rimmer and Verevis (p.99-100) who noted in their study that many firms experienced pressures to treat the SEP wage rises as a "flow on", and that many conformed to such pressures. This is not to deny their commitment to serious reform, but rather highlights the belief within ETSA management, and the unions, that the change process would necessarily take a much longer time than that set out in the national wage decision. The persistence of the "flow-on" attitude to wage rises thus contributed directly to difficulties in convincing Deputy President Hancock of their conformance with the SEP requirements.

While award restructuring is commonly presented as one in which the parties work consensually to achieve reforms in award structure and content, it is evident that one party may have greater ability to set the agenda itself and even the process of change. In ETSA it is clear that management have been most influential in setting both the issues and pace of reform. One effect of this may be the closer scrutiny given by the combined unions to the issue of consultation as is evident from the rightsizing dispute. This dispute also suggests that the pluralist expectations of the union are not wholly shared by ETSA management. The rightsizing dispute indicated quite directly the unwillingness of the management to contemplate a wholesale power sharing arrangement. A more conservative approach to consultation has now emerged, and is again consistent with the retention of management control over the processes of change.

While management prerogative may thus have been defended formally, it is a reality of industrial relations at ETSA that there is an intricate relationship between ETSA its employees and the larger unions. This relationship is characterized by high levels of commitment by employees to ETSA and its work, and informal integration of union and management structures in many areas. These underlying realities will continue to shape the climate of industrial relations. Indeed, as noted above, the greater involvement of employees in the various consultative process may well ebbing about a more substantial change in the character of relationships at the workplace level. A survey by CEDA (1987) of the effects of the "Second Tier" decision noted similar effects in a variety of situations. The longer term effects of this greater knowledge about the

dynamics of industrial relations is speculative, but it is interesting to note the comment of a Canadian observer of Australian industrial relations that,

"... there can be no guarantee that enterprise bargaining will yield the kind of results that employers seek." (Gilson, 1991)

Finally it is important to comment on the relatively measured progress achieved at ETSA. In part this may be attributed to the long term view of the reform process taken by management, and by the larger unions. Equally, as Rimmer and Verevis noted in their study, it is a product of the complexity of the change process itself.

Considerable effort has been given by ETSA management and unions to developing a framework and plan for changes in work organization, classification structures, payment systems and award structures. To date detailed changes effecting individual employees have not been dramatic, and there continue to be some unresolved issues of principle between unions and management. However, there is also a continuing commitment to change on both sides.

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TABLE 1: ETSA WORKFORCE - AGE PROFILE  
 AGE OF WORKFORCE                      NUMBERS                      PERCENTAGE

16-20	362	6.3%
21-25	840	14.7
26-30	836	14.6
31-35	678	11.9
36-40	786	13.7
41-45	771	13.5
46-50	544	9.5
51-55	413	7.2
56-60	313	5.4
61-65	153	2.6
TOTAL	5696	100%

(Source: ETSA, Annual Report, 1989-90)

TABLE 2: AWARD COVERAGE AND RESPONDANCY  
 AWARD UNION EMPLOYEES  
 RESPONDENTS COVERED  
 FEDERAL AWARDS  
 AND AGREEMENTS

ETSA (Staff Conditions) Award, 1971	APEA FCU MOA ETU	ADSTE	2408	
ETSA (Tech. and General) Salaries Award, 1967	ETU MOA	ADSTE	1187	
ETSA (Cler. & Admin.)	FCU	912		Salaries Award, 1967 MOA
ETSA (Metal Trades) Agreement, 1972	AMWU ASE ETU FIA	2522		
ETSA (FEDFA) Award, 1980	FEDFA	322		
Carpenters & Joiners' Award, 1967	C&JU	22		
Transport Workers (Govt. & Instrumentalities) Award, 1982.		TWU	277	

Cont/...

TABLE 2: AWARD COVERAGE AND RESPONDANCY cont/...

AWARD	UNION EMPLOYEES RESPONDENTS	COVERED
STATE AWARDS AND AGREEMENTS		
ETSA (Prof. Engineers') Salaries Award, 1967	APEA	276
ETSA (BWIU) Industrial Agreement, 1986	BWIU	10
ETSA (OP&DU) Industrial Agreement, 1986.	OP&DU	29
ETSA (Plumbers & Gasfitters Employees Union) Industrial Agreement 1986	P&GEU	10
ETSA (Aust. Building & Const. Workers Fedn.) Industrial Agreement, 1986.	B&CWF	16
ETSA (AWU) Industrial Agreement, 1986	AWU	76

(Source: ETSA Human Resource Division\*)

\* Note: These figures are based on payroll deduction statistics and may underestimate the membership of some Unions.

TABLE 3: UNION MEMBERSHIP AND RESPONDANCY - JULY 1989	
UNION	MEMBERSHIP
ADSTE	330
APEA	280
ACSJ	10
ASE	90
AMWU	300
ANF	2
AWU	50
BWIU	10
CMEU/BCWU	16
ETU	1270
FIA	160
FCU	210
FEDFA	280
FLAIEU	10
MOA	1560
OPDU	20
P&GEU	10
TWU	160
TOTAL UNIONISTS	4968 = APPROX 83.5% WORKFORCE

(Figures compiled by ETSA Industrial Staff\*)

\* These figures are based on payroll deduction statistics and may under-estimate the membership of some unions.