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A History of Reshaping Australian Telecommunications

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A Review of John Doyle's *Crossed Lines: Disruption, Politics and Reshaping Australian Telecommunications*

Abstract

A review of John Doyle's, *Crossed Lines: Disruption, Politics and Reshaping Australian Telecommunications*, published by Australian Scholarly Publishing, 2022.

Disruption and Politics in the Reshaping of Australian Telecommunications

When the Postmaster-General's Department (PMG) was formed after Federation out of the six colonial postal and telegraph departments, it was a colossus, dwarfing every other Australian enterprise, public or private. From the beginning it had dual objectives. It had to provide essential communication services to all Australians at an affordable price; and it had to operate like a business. In a huge country like Australia, much of it sparsely populated, these objectives could not but conflict and the result was an opaque and complex system of cross subsidy in which the city subsidised the bush, business households, and telecommunications postal services. The system had largely bi-partisan support, and were anyone to raise questions the Country Party would quickly spring to the defence of a system that benefitted people living outside the metropolitan centres.

During the 1960s, the PMG came under great strain, from technological change and from increased demand, including from business, for new services such as data transmission. Its appetite for capital was vast, but its capacity to make a return on the investment was constrained by inflexible funding arrangements and the political difficulty of increasing charges for its services. The Coalition, by then in its second decade of government, had little interest in fundamental reform of the PMG, so it was left to the Whitlam Labor government. Whitlam's interest in modernising government administration coincided with a push from the Amalgamated Postal Workers' Union (APWU) to get PMG workers out from under the control of the Public Service Board and into a statutory corporation. So began the end of the long-standing co-dependence of telecommunications and postal services.

John Doyle's new book ([Doyle, 2022 ^{\[5\]}](#)), *Crossed Lines: Disruption Politics and Reshaping Australian Telecommunications*, tells the story of the politics of this reform process up to and including the 1991 reforms of the Hawke government which brought full-service competition into the sector. It is based on thorough archival research, the extent of which is truly impressive as this was a time of dramatic change in Australian telecommunications. Doyle also interviewed key political players, including Kim Beazley, Gareth Evans, Tony Staley, Malcolm Fraser, Paul Keating and Ian Sinclair. The book comes with a swag of endorsements including from George Megalogenis, who describes it as 'the definitive history of telecommunications reform in Australia'; and Richard Alston, who praises it for its rigour and balance. The focus is on the politics, not on the engineering or the technical challenges, but it will interest readers of this journal, many of whom will have lived through the policy shifts it describes.

Lionel Bowen was Labor's Postmaster-General, whom Whitlam charged with reforming the behemoth, and he instituted an inquiry under James Vernon. This set the pattern as the various stakeholders made their submissions: the unions and various staff associations, rural interests, including various rural shires and the Country Party, the PMG itself, and many members of the public. Notably uninvolved, notes Doyle, were the Liberal Party and the general business sector. Vernon recommended the creation of two entities and in 1975 Telecom and Australia Post were formed as separate statutory authorities.

If the aim of Labor's reforms was to create a new, stable organisational structure for the delivery of Australia's telecommunications services, it didn't work. Telecom lasted barely two decades. The Fraser government, which came to office after the dismissal at the end of 1975, had given little thought to telecommunications policy, but as the pressures on the system continued it had no choice but to take it on. New business-oriented equipment and data services were creating a level of demand Telecom was not set up to meet and the Coalition was caught between the demands of the Liberal's core business constituency and that of the Country Party's rural base. The one big thing the Fraser government did, when Tony Staley was minister, was to establish Aussat, a state-owned company to develop and operate a national satellite system. It did not, however, act on the recommendations of the Davidson Enquiry, which it had instigated, and so lost the opportunity to begin the telecommunications reform process.

The reform process did not really get underway again until around 1987 when the Hawke government, alarmed at Australia's deteriorating terms of trade, embarked on a host of microeconomic reforms to increase the international competitiveness of the Australian economy. Gareth Evans, the minister at this time, stresses that Labor's approach was pragmatic and nonideological. As minister he argued that consideration be given to winding back some of Telecom's traditional monopoly areas and creating space for the private sector to meet the increasing range and diversity of users' needs. In the background of the debate in the late 1980s and early 1990s was the spectre of privatisation. This was not Evans' intent for telecommunications. Rather, it was to corporatise Telecom and embed principles of competition into the sector. Nevertheless, he received a good deal of pushback, from the unions and from Telecom itself in particular, as well as from sections of caucus committed to the public provision of essential services. Evans was Minister for Transport and Communications for just fifteen months, after which he became Foreign Minister and it is for this latter role that he is largely remembered. Doyle shows us how important his focus and energy were in creating momentum for reform.

Reform, though, was cautious and incremental, dependent on caucus support and union acquiescence. One impediment to faster progress was uncertainty as to the cost of Telecom's universal service obligation. When he became minister, Ralph Willis, who was an economist, commissioned a study which showed that this was much lower than the sums Telecom habitually claimed. This, says Doyle, was a true breakthrough because it provided evidence that introducing competition into the sector to stimulate innovation was compatible with providing affordable community services, and so removed the core political risk in dismantling Telecom's monopoly.

Doyle says that, from the late 1980s, the shift to full competition was probably inevitable, but that the timing and the model were uncertain. The model introduced by Kim Beazley in 1990 was built on strengthening Telecom to compete with a privatised Aussat. Optus bid successfully for Aussat, and in 1993 a third mobile provider, Vodafone, entered the market. The Opposition generally supported the government's legislation, so long as it was moving in the direction of greater openness, flexibility and competition. Doyle ends his story there, but the stage was now set for the privatisation of telecommunications provision under the Coalition, though it had to spend big on rural Australia to allay fears about the weakening of the universal service obligation.

The book concludes with a brief look forward to the politics of the National Broadband Network (NBN), which awaits the sort of detailed investigation Doyle has given to earlier periods. He concludes that 'Continuous disruption, whether technological or political, is the only real certainty in telecommunications reform' (p. 210). I would put this slightly differently. Politics is not the main driver here. The continuous disruption is driven by relentless technological innovation to which politics has little choice but to respond as some stakeholders try to protect their interests and others to take advantage of new opportunities.

Telecommunications policy is a complicated and technical area. Doyle's is the first book to look in depth at the policy changes set in train when Whitlam put reform of the PMG on the national policy agenda. Doyle writes well, without jargon, in straightforward, clear prose and the book has a comprehensive index. His book will be of great interest to those whose working lives were affected by these changes, as well as to others interested in the always challenging process of policy reform.

References

Doyle, J. (2022). *Crossed Lines: Disruption, Politics and Reshaping Australian Telecommunications*. Australian Scholarly Publishing, Melbourne. \$49.95.

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