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Derailed: The Social, Economic and Political Implications of the Closure of the Westrail Midland Workshops

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"DERAILLED"

THE SOCIAL, ECONOMIC AND POLITICAL
IMPLICATIONS OF THE CLOSURE OF THE
WESTRAIL MIDLAND WORKSHOPS

by

LYLA D. ELLIOTT

A Thesis Submitted in Partial Fulfilment of the
Requirements for the Award of

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ABSTRACT

The Westrail Midland Workshops had serviced the Western Australian Government Railway fleet for 90 years when they were closed by the Court Government in 1994. As the State’s largest and best equipped industrial establishment employing over 900 workers, the announcement of the closure was unexpected and controversial.

The research questions asked in this thesis are: Why did the Workshops close? What were the economic and political issues involved? What attempts were made to modernise the Workshops and improve efficiency, and what were the social and economic effects on the workers? The event took place at a time of changing ethos related to public enterprise, which was manifested in the privatisation of government services and assets. The research was therefore contextualised within the theoretical framework of economic rationalism. The study draws on secondary sources mainly for research related to economic rationalism and the social impact of voluntary redundancy and unemployment.

The major part of the evidence supporting this thesis is drawn from Parliamentary debates, Westrail documents and a broad range of primary sources, which include a questionnaire and oral testimony from people who had been closely associated with the Workshops.

A study of the history and development of economic rationalism reveals its inexorable progress in Australia and its influence on governments in their dealings with the public sector, including Westrail. It also shows the commercialisation of Westrail, which gathered pace in the 1980s, dictated significant shedding of employees and saw the outsourcing of increasing amounts of its work to the private sector.

A central focus of the thesis is the evidence of the steps taken, particularly during the 1980s and early 1990s to upgrade and rationalise the Workshops, eventually achieving Quality Assurance Accreditation and workplace reform with the co-operation of the workforce and the Unions. The study reveals the problems stemming from the “Dickensian” culture began to change when occupational health and safety legislation forced the establishment of a
consultative process between management and the workers. Despite the progress that had been achieved in structural changes and in the human resources at the Workshops, the newly elected Government broke an election promise and closed the establishment. The research found no evidence of any serious attempt by Westrail or the Government to pursue other options than the closure or to market the Workshops capacity and skills. Nor was the Government able to provide detailed financial data to justify its decision, either before the closure or subsequently. Oral evidence attested to the damaging social and economic impact on the employees and their families caused by this political act. The findings bring under scrutiny the ideological processes dedicated to the reduction of the government sector.
DECLARATION

I certify that this thesis does not, to the best of my knowledge and belief:

(i) incorporate without acknowledgment any material previously submitted for a degree or diploma in any institution of higher education;

(ii) contain any material previously published or written by another person except where due reference is made in the text; or

(iii) contain any defamatory material.

Signed: [Redacted]

Date: [Redacted] 2000.
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I wish to thank my Supervisor, Dr. Jan Ryan, for her professional guidance and assistance in the preparation of this thesis. Dr. Ryan's support and encouragement were greatly appreciated. I also wish to thank the interviewees for their time and for providing me with information unavailable from printed sources. I extend my appreciation, too, to those persons in rail systems throughout the world who were good enough to take the time to provide information on their workshops.
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<td>A.M.W.S.U.</td>
<td>Amalgamated Metal Workers and Shipwrights' Union</td>
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<td>A.R.U.</td>
<td>Australian Railway Union (Later P.T.U - Public Transport Union)</td>
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<td>A.S.E.</td>
<td>Australasian Society of Engineers</td>
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<td>C.M.E.</td>
<td>Chief Mechanical Engineer</td>
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<td>C.P.H.A.</td>
<td>Canadian Public Health Association</td>
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<td>C.S.O.</td>
<td>Community Service Obligation</td>
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<tr>
<td>D.M.U.</td>
<td>Diesel Multiple Unit (rail car)</td>
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<td>E.M.U.</td>
<td>Electric Multiple Unit (rail car)</td>
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<tr>
<td>E.T.U.</td>
<td>Electrical Trades Union</td>
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<tr>
<td>M.R.P.S.</td>
<td>Manufacturing Resource Planning System</td>
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INTRODUCTION

On 4 March 1994, Westrail’s Midland Workshops were closed by the Court State Government, despite a 1993 Election commitment by the Liberal-National Coalition Parties to maintain and upgrade the Workshops. The closure of the largest industrial establishment in Western Australia affected around 900 workers and their families and had significant financial implications for Westrail and the State. It was a highly controversial decision.

The Government, while claiming the decision was based on economic necessity, refused to issue any detailed information to justify its decision. In fact, the Minister concerned subsequently revealed in Parliament that no detailed report had been submitted to Cabinet before it made the decision.

Established in 1904, the Midland Workshops constituted an important institution, not only for the State but also in the lives of thousands of families down through the years, representing a valuable source of employment in the Eastern suburbs. There were many families where children followed their fathers and often grandfathers into the Workshops, many to become equipped and eagerly sought as skilled tradespeople. They also provided a vital social milieu for the workforce employed there.

Originally established as a self-contained manufacturing establishment to build locomotives and other rolling stock, components for railway track and other equipment for the State’s railway system, trams and bridges, Midland also performed work for other Government departments and private companies. It played an important role during the Second World War when it became the major contractor to the Army and Navy, building an extensive variety of items necessary to the war effort.¹

At the close of business, the Workshops were responsible for major maintenance and general overhauling of locomotives, wagons, rail cars and heavy mechanical equipment as well as the manufacturing of new wagons and other components. 2

During the 1980s and early 1990s, steps were taken to upgrade and modernise the Workshops with a view to increasing productivity. This involved the expenditure of over $10 million on a physical upgrade and reorganisation, the introduction of a computerised production control system and improved workers’ amenities. A publication in the late 1980s stated “The Mechanical Branch has a proud history of quality engineering achievement and will add to that history in the next century.”3 In October 1992, the Commissioner of Railways, Dr. Jim Gill, told a Parliamentary Estimates Committee that the Midland Workshops were being reorganised and equipped for a strong future in the railway industry with potential for work from outside customers.4 The same Commissioner in Westrail’s 1994 Annual Report described Quality Accreditation granted to Midland Workshops as “a magnificent achievement.”5 This prestigious international certificate was awarded by Lloyds Registrar of Shipping, and at the time Midland was said to be only the second railway workshops in Australia to receive it.6

Despite these positive and optimistic comments on the Workshops, the establishment was closed and the major part of the work involving hundreds of millions of dollars handed to private enterprise.

According to a document presented to Cabinet in 1993, the manufacturing/engineering industry in the private sector had long been opposed to the Midland Workshops competing with it for business, believing them to be “an enterprise that should not exist”.7 This no doubt played a role both in the Workshops being

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6 W.A.P.D., 1 July 1993: 877.
discouraged from seeking or tendering for outside work or indeed losing Westrail work that was legitimately theirs, and ultimately in the decision related to their closure.

The Research Questions

The research behind this study was designed to establish the social, economic and political implications of the closure of the Midland Workshops. The questions raised to guide the research were: Why did the Midland Workshops close? What were the economic and political issues involved? What attempts were made to modernise the Workshops and improve efficiency? What were the social and economic effects on the workers?

Methodology

Despite the controversy surrounding the closure of the Workshops, it has been difficult to find any research that has been undertaken on this particular issue and published since the event in 1994. This study has therefore involved a review of primary and secondary printed sources related to government policies, Westrail and the Workshops. In addition a survey was undertaken of mainland rail systems in Australia and overseas countries to ascertain the status of manufacturing and repair workshops in those systems. A number of interviews were conducted with former and present Westrail employees, Union representatives, and others involved, to gain a deeper insight into the events of the time, not available in the printed form. An attempt by the author to obtain comment and information on events surrounding the closure from senior Westrail personnel was not successful. A questionnaire was used to seek information on the results of the closure on former employees. The number of recipients of the questionnaire was dictated by access to names and addresses of the people concerned. As this was not available from Westrail, the assistance of the Unions was sought. While there was ready co-operation from these organisations, because of the six-year time gap their records of members for 1993 were in some cases incomplete.
A crucial theoretical assumption underpinning this study is that the Midland Workshops and the personnel employed there were the victims of what has become known in Australia as "economic rationalism". This neoclassical economic philosophy has been blamed by its critics for causing untold damage to the lives of millions of people around the world, including within Australia. Among other things, economic rationalists argue that the private sector can produce goods and services more efficiently than the public sector, and therefore public enterprise should be privatised in the interests of the taxpayers. The opponents claim they can demonstrate flaws in this argument, particularly when regard is had for the social impact of these policies. A significant part of this social impact is the creation of a high level of unemployment and forced early retirement with damaging effects on families and young people. The thesis therefore includes an analysis of both the role played by the ideology of the New Right in privatisation of public enterprise and services and the effect on those who lose their jobs as a consequence. A review of the literature that informs this thesis will be discussed within the body of the thesis. (See, for example, the issues of economic rationalism in Chapter One, and unemployment in Chapter Five.)

Chapter One provides an analysis of the theoretical debates that underscore the development of economic rationalism and privatisation, which has had a powerful influence on the economic policies of political parties and governments. The chapter will discuss both the economic and social effects, raising the aspects of allocative efficiency and externalities where there is a social benefit involved in public enterprise like the Midland Workshops. It is within this context that the Midland Workshops closure will be debated in the thesis.

Chapter Two presents the historical background to the Workshops, and discusses the reasons behind the commercialisation of Westrail. It examines the steps that were taken in the 1980s to reorganise and modernise the Workshops, and raises issues which affected the level of productivity.
Chapter three deals with the early 1990s and the events preceding the closure which was announced on 28 April 1993 and took effect on 4 March 1994. These included rationalisation of the Workshops, award restructuring and multiskilling and the work towards Quality Assurance Accreditation.

Chapter Four critically evaluates the closure, the reaction to it by the Workshops employees and the public, and the Government's response to calls for detailed justification of its decision.

Chapter Five investigates the effects on the people who were employed at the Workshops when the closure was announced and subsequently. It draws on interviews, information from the questionnaires to former employees and other primary sources. It also tests the results against the literature on redundancy and unemployment for validation.

The conclusion will summarise and evaluate the steps which culminated in the closure and the social, economic and political implications involved.
CHAPTER ONE

ECONOMIC RATIONALISM AND PRIVATISATION

A wide body of literature has been written about economic rationalism and privatisation in its various forms, and it is not possible to give a comprehensive overview in this thesis. However, as the thesis will investigate the theory that the Midland Workshops were a victim of the ideology of the New Right, it is necessary to look at some of the relevant arguments for and against and to contextualise the closure within these debates.

This review is divided into four sections. The first examines the definition of economic rationalism and the various forms of privatisation. The second deals with its history, where it developed, how it spread and the forces behind it. The third looks at the reasons for its powerful political influence: were they economic or ideological? The fourth studies the economic and social effects.

Definition

Economic rationalism is a term generally recognised in Australia as referring to a school of economic thinking characterised by *laissez faire* or neoclassical economics\(^8\) or neoliberalism.\(^9\) Its opponents often speak in scathing terms about both its social and economic effects. Pusey describes rationalisation as demanded by the New Right economists in Australia as “a euphemism for shutting down as much of the public sector as possible.” He says it is neither flexible nor intelligent.\(^{10}\) Carroll and Manne see it as “abstract and rarified theory with a poor grasp of reality.”\(^{11}\) In general it is seen by its

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critics as a doctrine which favours private enterprise over government enterprise and a
free market to determine all economic transactions. On the other hand, the defenders of
economic rationalism reject this criticism. They claim economic rationalists are in the
main not supporters of laissez faire economic policy, and that their agenda is more
moderate, accepting there is a role for government, but rejecting the level of government
intervention in the market. They argue that microeconomic reform and competitive
markets are necessary to improve efficiency. Implicit in this policy is deregulation, labour
market reform, reform of the tax system and the corporatisation and privatisation of
government business.

Fairbrother, Svenson and Teicher provide an excellent overview of the
privatisation processes at work in Australia and the implications for labour. They cite a
1995 International Labour Office definition of privatisation as “the most dramatic
manifestation of the wave of economic reform designed to reduce the role of the public
sector and expand the role of private market institutions which has washed over almost all
countries of the world during the past decade and a half.” Domberger and Piggott also
suggest that the privatisation of public assets or activities by transferring them to the
private sector is associated with the desire for smaller government. Veljanovski defines
privatisation as “the withdrawal of the State from the production of goods and services,”
but acknowledges the arguments of the opponents.

12 Des Moore, “Condemning the cure: The recession and economic rationalism,” A
defence of economic rationalism, ed. Chris James et al. (St. Leonards: Allen and Unwin,
1993) 4.
13 Chris James, Chris Jones and Andrew Norton, eds. A defence of economic rationalism
(St. Leonards: Allen and Unwin, 1993) xxiii.
14 Peter Fairbrother, Stuart Svenson and Julian Teicher, The withering away of the
Australian State: Privatisation and its implications for labour. Working paper No. 54
(Melbourne: National Key Centre for Industrial Relations, Monash University, July
1997) 2.
15 Simon Domberger and John Piggott, “Privatisation policy and public enterprise,” The
Economic Record 177 (June 1986) 145.
16 Cento Veljanovski, Selling the State (London: George Wiedenfield and Nicholson,
1987) 1.
Although there is some variation of opinion among the authors, there is broad agreement that privatisation can be achieved by two basic instruments. These are full or partial sale of public assets and the tendering or contracting out of public responsibilities and services.\(^\text{17}\) Marsh also includes deregulation of public monopolies, although Langmore disagrees with this.\(^\text{18}\)

The literature contains a number of references to two government economic strategies which began to emerge in the 1980s, and which have been linked to privatisation. These are commercialisation and corporatisation, which are often regarded as a necessary prelude to privatisation.\(^\text{19}\) With commercialisation, the government authority concerned is required to conduct its business on a commercial basis, that is to operate on a competitive and profitable basis. This allows it to buy in goods and services from the private sector. It also allows labourforce downsizing. Westrail is a good example of where this policy was implemented. Corporatisation introduces a new concept of management when a government organisation is reorganised along company lines and is expected to behave like a private company.\(^\text{20}\)

**History**

There is a general consensus that the move to neoclassical economics that has swept the world since the early 1980s arose out of the policies of British Prime Minister Margaret Thatcher. A useful summary is found in Marsh's review of the literature on privatisation under the Thatcher Government. He cites, among others, Veljanovsky's


\(^{19}\)Fairbrother et al. 10.

claim that the British experience is regarded as a blueprint for other countries. Martin and Parker highlight the massive nature of privatisation in Britain by their claim that, since 1979, 60 billion pounds of government business assets have been transferred to the private sector in Britain, including transport.

As Fairbrother et al. point out, privatisation was initially opposed by the Federal Labor Government in Australia, which was more interested in commercialisation in the interest of efficiency. In a speech in 1986, John Dawkins, the Minister for Trade, ridiculed privatisation as ill considered, ill intentioned and illogical. Quiggin, on the other hand, who provides an excellent historical background on microeconomic reform in Australia, says it was from 1986 that the traditional views of Labor on public ownership were abandoned when public enterprises were first corporatised and later privatised. He attributes the new economic orthodoxy to recommendations by the Industry Commission and the Bureau of Industry Economics. It was in fact in an address to the A.C.T.U. Congress in 1987 that Prime Minister Hawke revealed the change in Government thinking towards privatisation.

Bell sets out to expose the powerful forces he believes have been behind the economic rationalist policies in Australia since the early 1980s. He sees it as the “raw exercise of the political power of business interests and wealth holders.” There can be little doubt that neoliberal bureaucrats and “right wing think tanks” in Australia had a powerful influence on both the political Left and Right and on the economics editors of the press. Pusey argues that the Canberra Senior Executive Service represented by the Departments of Prime Minister and Cabinet, Treasury and Finance were taken over by New Right and narrowly trained econocrats with no practical experience of the real world.

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21 Marsh 459.
23 Fairbrother et al. 17.
24 John Quiggin, Great Expectations: Microeconomic reform in Australia (St Leonards: Allen and Unwin, 1996b) 3.
25 Fairbrother et al. 19.
26 Bell 45.
and who represented about 71 per cent of the personnel. While Pusey’s claim regarding the figure of 71 per cent has been challenged by Bell and Stone, his suggestion about their removal from the realities of life in Australia is supported by Carroll, who describes them as:

ivory tower intellectuals addicted to mathematical models with little experience of the practical world of business - never been inside a factory - and they ingested rationalist economic theory from their professors as if it were God-given revelation, the pure and only truth with all other economic doctrine rejected as heresy. In other words, they brought a religious fervour to their belief, one that insulated them from reality.

In addition to these bureaucrats, a strong political influence has been exerted by “right wing think tanks” like the Sydney Institute, the Tasman Institute and the Institute of Public Affairs. The key issues promoted by these groups have been labour market reform, reduction of government spending and privatisation. Bell contends that the fundamental change in Australian economic policy can also be attributed to powerful global forces, in particular the financial markets.

James et al., in rejecting attacks on economic rationalist theory, rightly point out that it was central to Australian politics in 1993 with both the Hawke and Keating Governments and the Federal Opposition committed to it. However they ignore the convincing arguments presented by their opponents on the reasons for this. Carroll, in a summary of how economic rationalism gained a foothold in Australia, laments the fact that there were no economists prepared to speak out against the campaign being waged by

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27Pusey 4.
28Bell 45.
30Carroll 13.
31Fairbrother et al. 15.
32Bell 5.
33James et al. xxi.
the New Right. Added to this was the acceptance of virtually all the major institutions in Australia, both Left and Right, of the economic doctrine being expounded.\textsuperscript{34}

The literature reveals that Labor in Western Australia in the 1980s and early 1990s behaved in a similar way to their Federal counterparts, first placing emphasis on the commercialisation and corporatisation of government enterprises in the interest of efficiency, and later accepting that privatisation may be appropriate in some cases.\textsuperscript{35} Government and Departmental reports written in the 1980s and 1990s reveal the significant changes in thinking and policy towards government enterprise in general and Westrail in particular. Papers like \textit{Managing Change in the Public Sector} (1986) outlined the need for improving efficiency and accountability in the public sector and the Government’s policy intentions.\textsuperscript{36} By 1991, the paper \textit{Reform and Renewal - a policy discussion paper on the corporatisation of Government Trading Enterprises} made it quite clear the Government’s thinking had moved on to issues of commercialisation and corporatisation.\textsuperscript{37} It was then only a short step to acceptance of privatisation, as revealed in the 1992 report \textit{The W.A. Advantage}.\textsuperscript{38}

However, it was the W.A. Coalition Government elected in 1993 which wasted no time in embarking on a policy of privatising government assets and services, including the Midland Workshops. Gallop argues that “whereas for the Burke and Dowding Ministries government went into business, for the Court Ministry, business goes into government. This has happened through privatisation . . . but mostly through contracting out in all areas of government activity.”\textsuperscript{39}

\textsuperscript{34}Carroll 10.
\textsuperscript{35}Sly and Weigall 113-116.
Papers published by Westrail over a ten-year period also reveal how changes in ideology critically impacted on that organisation. For example, *Proposals for a competitive Westrail* in 1984 put forward a plan to make Westrail more efficient and competitive to ensure it had an expanding role rather than a diminishing one in the W.A. economy.\(^{40}\) In 1995, the paper *On the Right Track - The modernisation of Westrail* contained a summary of decisions that had been made which would strip Westrail of vast amounts of work and consequently personnel. These included closing a number of maintenance depots throughout the State, outsourcing repairs and maintenance on rolling stock, plant and equipment and many other decisions designed to privatise services formerly performed by Westrail staff.\(^{41}\) Clearly the Government and the Management of Westrail were implementing the doctrine of privatisation.

**Economic Necessity or Ideology?**

There are two basic lines of argument running through the literature on the reasons why the new doctrine of economic rationalism became so influential. The first is that it contained a seductive appeal to Australian politicians because the economy had reached a danger point through overseas debt and budget deficits and needed to be rescued through radical restructuring. The second is that while there may have been some cause for concern about the economy, the radical economic reforms that took place were designed to achieve the ideological aims of the New Right, were unnecessary and, in fact, not in the public interest. There is general acceptance by most authors that there were economic problems facing Australia in the 1980s. There is, however, a wide division of opinion about the causes and the action necessary to correct them. For example, some would argue that economic rationalism was responsible in that deregulation of the financial


sector in the early 1980s was a major contributor. Moore, on the other hand, blames the Federal Government’s measures to stimulate the economy which accompanied deregulation for the large increase in overseas debt. Carroll argues that it was economic rationalist theory which prevented the traditional method for dealing with the problem, namely the imposition of import controls. Instead the Government, among other things, adopted a policy of selling off or privatising valuable public assets and cutting government spending in order to reduce debt.

There is considerable literature on the arguments for and against privatisation of public assets and services which concentrates, by and large, on the issues of efficiency versus ideology and the virtues or otherwise of the public sector. These are succinctly set out in Clark:

Four main arguments are put in its [privatisation's] favour:

* It helps reduce government borrowing, interest payments on that borrowing, and hence budget deficits, thereby freeing money collected from taxpayers for more socially useful goals.

* It encourages greater citizen participation in share ownership through the issue of shares if government business enterprises (G.B.E.'s) are floated.

* It produces more rational management and pricing policies, improving the allocation of resources and efficiency.

* It results in greater competition.

Critics of privatisation put three main arguments in reply:

* G.B.E. assets are public property, built up with taxpayers money, which should not be simply sold off to the highest bidder. Indeed critics argue that they are often sold off below their 'real' value, by governments keen to reduce their budget deficits and/or appease ideological opponents of G.B.E.s.

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42Carroll 19; Fairbrother et al. 8.
43Moore 6.
44Carroll 21.
45Botsman and Reilly 97.
* G.B.E.s should not be profit-maximising bodies but should exist to serve the community.

* Privatisation harms Australians in lower socio-economic groups and largely benefits the architects of the privatisation process and share-owning Australians, who are mainly concentrated in higher income groups.46

Those authors who challenge privatisation appear to have no doubt about the ideological basis for its emergence. Cook and Kirkpatrick claim that in the early 1980s in developed countries ideology rather than economic efficiency was the dominant motive.47 Fairbrother et al. agree, stating that economic efficiency claims by politicians in Australia concealed what was clearly an ideological agenda influenced by neoliberalism and business-financed think tanks wanting to promote the ascendancy of the market.48 The bottom line, according to Botsman and Reilly, was that irrespective of the economic arguments for and against, the architects of government strategy in the 1980s wanted to see a smaller public sector. They argue governments often only look to short-term gains from sale of assets instead of evaluating the long-term effects, and that often ideology takes precedence over other issues.49 Bell summarised the broad aim of the neoliberals as wanting to replace earlier economic models with a new economic and political order “designed to enhance market freedom, boost profits and elevate the power of business and wealth holders relative to labour and the State.”50

The Economic and Social Effects

Claims about the superior efficiency of the private sector are countered by issues raised by a number of writers. Mulgan, who deals extensively with the effects of

48Fairbrother et al. 28.
49Botsman and Reilly 80.
50Bell 277
contracting out on accountability, argues that accountability is reduced where contracting out takes place; that there is a trade-off between efficiency and accountability and denials of this are "fallacious rhetoric."

Self also raises concerns about accountability and services that may be efficient but lack equity. Reduction in the quality of service provided in the interest of efficiency or profit is dealt with by Quiggin and Marsh.

Domberger and Piggott raise the aspect of allocative efficiency and externalities where there is a social benefit arising from, for example, public transport, employment opportunities or environmental protection. The private market could be competitive, but they suggest, "the private marginal cost-pricing which would follow takes no account of the positive externality and the resulting allocation is therefore not efficient."

Some examples of the positive externalities sacrificed when the Midland Workshops closed were the loss of employment opportunities, broadly based apprenticeship training and the psychological wellbeing resulting from economic security and the social environment. Others related to such issues as quality of work carried on rolling stock and infrastructure where public safety is concerned.

Clark raises the issue of cross-subsidisation, where services like power, postal services, telephone and transport are provided to remote or uneconomic areas at a subsidised rate. As Botsman and Reilly point out, when comparing the performance of the two sectors, financial outcome should not be the only focus. The larger socio-economic objectives met by the public sector must be regarded as an area of "performance advantage."

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54 Domberger and Piggott 146.
55 Clark 174.
56 Botsman and Reilly 88.
private investment and also argues that it is necessary for the "social and environmental welfare of Australian society."\textsuperscript{57}

Early studies mentioned by Domberger and Piggott demonstrate the difficulty of arriving at a realistic assessment of the issues involved in privatisation. On the one hand, they report more than 50 studies from five countries cited in Borcherding, Pommerehne and Schneider (1982) found in the main that public firms have higher unit cost structures, while Millward (1982) when analysing studies in North American literature found "no broad support for private enterprise superiority." Both surveys found competition may be an important factor in a firm's economic performance. However, the same authors report that there is "no single study which is entirely compelling in its findings. This is because the cost comparisons are rarely straightforward in the absence of a controlled experiment and no such experiments exist for public enterprise."\textsuperscript{58} The findings of these studies are particularly relevant to the Midland Workshops, where no straightforward cost comparisons could be shown when the work was performed by the private sector following the closure.

More recently, Cook and Kirkpatrick provided some international perspectives from recognised authorities in the field of privatisation policy. They also found assessment and evaluation of the effects of privatisation difficult to establish because of problems with methodology. For example, findings on success or otherwise depended on how objectives were defined and whether they included factors like the social impact. They quote the conclusion of Chang and Singh (1992) in their review of literature which compared the performance of public and private sector enterprises that "there exist neither compelling theoretical reasons nor unambiguous empirical evidence for either developed or developing countries, suggesting the pervasive 'inefficiency' of public enterprises. The picture is far more complex than one of 'efficient' private enterprises versus inefficient public enterprises."\textsuperscript{59}

\textsuperscript{57}Self 342.
\textsuperscript{58}Domberger and Piggott 150.
\textsuperscript{59}Cook and Kirkpatrick 23.
From his literature review, Marsh found on the one hand Britain’s privatisation was viewed in some quarters as a political and economic success, but on the other there was considerable doubt about increased efficiency and concern about the sacrifice of quality of services contracted out. On the question of efficiency, Botsman and Reilly claim Thatcherism involved an “ideological mirage” rather than any real structural change. Thatcher’s strategy, they say, was simply to reclassify non-market economic activities into market activities without tackling the important micro-economic issues to improve efficiency. In addition, Thatcherism ignored the problems of social inequality and the development of a politically and economically disempowered underclass. Self, dealing with the reorganising of government along market lines, is highly critical of the British experience, arguing that democracy has been “severely undermined and devalued” due to the loss of accountability, equity and co-ordination of important social services. He sees similar problems for Australia with public administration in danger of being turned into “a mere auxiliary of the international market and monetary system.”

The extent and effects of privatisation in Australia, both through asset sales and contracting out, is of major concern to the community. The adverse consequences for workers and their unions are significant. Full employment, once a major economic objective, has now been discarded in favour of “sound financial management” dictated by the market. The result has been unacceptably high levels of unemployment through the 1980s and 1990s with concomitant economic and social disruption and distress for working people. This issue as it relates to former employees of the Midland Workshops is explored more fully in Chapter Five.

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60 Marsh 477.
61 Botsman and Reilly 76-77.
62 Self 341.
63 Fairbrother et al. 4, 28, 293; Quiggin (1996a)49; Carroll 25; Marsh 472-473; Bell 277.
CHAPTER TWO
HISTORICAL BACKGROUND AND THE 1980s

This Chapter offers a perspective on the significance of the Midland Workshops in the State’s industrial history. It will deal with the steps taken to modernise them and improve efficiency in the 1980s. Included in this study are the attempts to change “the culture” which governed relationships between management and the workforce. The reasons behind the commercialisation of Westrail, including the Workshops, are also examined.

Contentious Beginning

The establishment of the Western Australian Government Railways Midland Workshops in 1904 attracted as much controversy as did their closure 90 years later. Vested interests combined with political shortsightedness served to frustrate the early attempts of the Colony’s Engineer-in-Chief, C.Y. O’Connor, to replace the totally inadequate Fremantle Workshops with a new facility.

O’Connor, on his arrival in 1891, found the railway system was served by poorly planned and ill equipped workshops, and manned by inexperienced and untrained workers. With an expanding railway network, he saw the need for a modern establishment with a properly trained workforce, a move he believed would be cost-effective by increasing efficiency. In July of that year he presented a proposal to the Government. The following year the Government appointed a consultant from the Victorian Railways to draw up plans for new workshops. The consultant, Allison D. Smith, recommended relocation to a site in Midland Junction and an expenditure of 50,000 pounds on the buildings and associated facilities. The Premier, John Forrest,

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and Parliament rejected the recommendations as being too expensive, despite O’Connor providing evidence that new workshops would save the Colony money.  

Debate on the issue continued with strong opposition to the relocation of the Workshops coming from vested interests. Foremost among these was the Vigilance Committee, comprised of people with large property and other business interests in Fremantle. The Premier’s brother, Alexander Forrest, a Member of Parliament and wealthy businessman, is quoted as addressing a meeting of the Vigilance Committee and telling them that “it was the duty of the Government to protect their large vested interests.” However, in 1895 Parliament agreed to the move to Midland Junction, but argument continued over the design and funding of the project until the Twentieth Century. A plan presented in 1900 by the newly appointed Chief Mechanical Engineer, Thomas Rotheram, was eventually agreed to, but not until after modification following a Royal Commission which recommended a substantial reduction in the size of the Workshops. The decision taken to proceed did not stop the controversy, as Rotheram and O’Connor unsuccessfully tried to convince the politicians that the proposed facilities were inadequate. They were subsequently proved right and the buildings had to be extended, but the fight undoubtedly took its toll on O’Connor, and could well have been one of the factors leading to his suicide early in 1902.

The Workshops, which were built by the Public Works Department, were finally ready for the transfer of workers and equipment from Fremantle to begin on 4 January 1904. By 5 January 1905 the transfer was completed, with around 1,000 men now located at Midland Junction. The cost of the new establishment was 474,000 pounds. In the years to come there would be further investment in extensions to the building and in plant and equipment to make the W.A.G.R. Workshops at Midland

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66 Tauman 123.
67 Tauman 124.
68 Heritage 31.
69 Heritage 32-33; Tauman 138-139.
Junction the largest and best equipped industrial establishment in Western Australia. Occupying 68 hectares of land with almost seven and a half hectares under cover by the 1920s, the Workshops consisted of “patternmaking, blacksmith, boiler, car and wagon, paint, machine, locomotive erecting, electrical and copper shops and a brass and iron foundry. The Railway General store was also located in the Workshops area and there were more than 23 miles (over 37 kilometres) of sidings and lines of way.”

The Workshops built locomotives and other railway rolling stock, trams, bridges, components for railway track and other equipment, and provided a comprehensive maintenance and repair service for the State’s railway system. Substantial work for other Government departments and private companies was also carried out there.

The Depression had a devastating effect on the Workshops and the employees, who had grown in number to 2,000 in the 1920s. Hundreds of workers were retrenched as construction and maintenance work was greatly reduced in the 1930s. This was to change in the next decade.

The Second World War

The versatility of the Workshops and the workforce became evident during the Second World War. The employees displayed the same kind of initiative as their successors did some 50 years later in seeking more work for their underutilised establishment. In May 1940, a mass meeting of workers passed a motion pledging their support for the War effort. Part (b) of their motion read:

Being well aware that these Workshops have executed a great variety of engineering work both large and small with credible results and that much of the equipment required to further the Nation’s war effort is well within our capacity, we ask that these Workshops be used to the fullest extent possible on defence work for which they are suited.

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72 *Heritage* 49-50.
The Chief Mechanical Engineer at the time described the enthusiasm and keenness displayed by the employees as "matters for pride to every railway man and indeed every citizen." 74

The Workshops became the main contractor for work for the Navy and Army Departments and undertook a number of Defence work sub-contracts for private firms. The list of items manufactured at Midland during the war was extensive:

- Ships steering engines and steering gear
- Minesweeping winches
- Cast iron practice shots
- Firing platforms
- Ammunition boxes
- Triple expansion marine engines
- Lorry seat frames
- Tents
- Depth charge carriers
- Gun platforms
- Shell turning lathes
- Bronze propellors for ships
- 25 pounder shells
- Complete main engines for minesweeping vessels
- Tools for manufacture of small arms ammunition
- Boilers for ships
- Forgings for bren gun carriers
- Pontoon anchors

Also contributing to the War effort were ten Australian Standard Garratt locomotives built at the workshops.

In more than one Annual Report the C.M.E. records the entire satisfaction that had been expressed by the Defence Department with the quality of the workmanship at Midland. 75

Concern for private vested interests was evident even in those days. The C.M.E., in his 1943 Report referred to the need to establish a steel foundry because of the

75 W.A.G.R. Mechanical Branch Annual Reports 1941-1944.
increased demand for steel castings for Defence work “coupled with the tardy supply by local manufacture.” But he was careful to emphasise that there was no intention of adopting a policy of competing with private enterprise.

**Post War Reconstruction**

Like the rest of the State’s railway system, the Workshops had been starved of funds during the Depression and the War, and were therefore in need of upgrading. The report of a Royal Commission into the state of the W.A.G.R. in 1947 was scathing in its findings about the long-term neglect of the system generally and recommended a programme of rehabilitation. The availability of post war reconstruction loan funds made this possible. Following the Royal Commission, the Workshops during the 1950s were re-equipped with more modern machinery and working conditions improved.

By 1957 the Midland Workshops employed 3059 people including 563 apprentices. Another of C.Y. O’Connor’s visions was realised as Midland became the largest centre in the State where hundreds of young men could be properly trained in the various trades required by industry.

The upgrading of the Workshops in the 1950s enabled them to cope with the heavy workload associated with the prosperous 1960s. In this decade, goods traffic from all sources measured in tonne-kilometres more than doubled. The mineral boom was a major factor in this, but, according to Affleck, in the five years after 1966, while the mineral traffic hauled by the W.A.G.R. multiplied eight times, the revenue from this source only rose three and a half times in the same period. Haulage rates for bulk minerals were very low “on average less than a cent per tonne-kilometre, compared with over three cents for all other traffic.” It seems the W.A. Government Railways Commission may have

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79 Affleck 133-134.
substantially subsidised the mineral industry when it should have been paying more attention to reducing its large debt.

During this period significant technological changes were taking place in the construction and utilisation of locomotives and other rolling stock and in railway infrastructure, and this continued into the 1970s. However, the Midland Workshops were able to successfully adapt to the changes and played a major role in constructing new rolling stock and other equipment both for the State’s needs generally and for the Standard Gauge project which began in the 1960s.80

Commercialisation

In 1980, the Coalition Government, in its report *Land Freight Transport Policy 1980*, announced its goal of commercialising Westrail.81 The Minister for Transport, Cyril Rushton, said “Westrail will progressively become a commercial organisation, operating like any other business enterprise.” 82 This decision, which was in line with trends developing around the world concerning the public sector, would have significant implications for the Midland Workshops as the quest for profitability by Westrail would demand a radical restructuring of the organisation.

Historically the W.A.G.R. had not been required by governments to show an operating profit. This was mainly because of the heavy costs associated with servicing loans on capital equipment involving both infrastructure and rolling stock, honouring community service obligations and other responsibilities to the State. With the changing ethos concerning the commercialisation of government instrumentalities, a competitive environment was introduced and Westrail was required to compete with road transport as regulations giving it monopoly rights over carriage of certain goods were progressively removed from 1980. However, unlike Westrail which had to meet 100 per cent of the

80Affleck. 137-138; Interview with Darrald McCaskill.
81In September 1975 “Westrail” became the trading name for the W.A.G.R.
costs for its rail track infrastructure, large road trucks were cross-subsidised by other smaller vehicles and could charge lower prices for their services. 83 Westrail was therefore forced to reduce its freight rates to compete with road transport.

Westrail's first strategy was to aggressively pursue productivity improvements in all sections which meant large scale job losses. Its second was outlined in a 1984 report Proposals for a Competitive Westrail, which became the basis for the organisation's restructuring along commercial lines. In this document, Westrail pointed to the necessity for significant changes in its financial arrangements if a successful outcome was to be achieved. 84 Major recommendations of the report were not to be implemented until the financial year 1996/97. (See Appendix D). This, together with other changes to Westrail's accounting procedures, would make it difficult to assess the real financial consequences of the massive reduction of the workforce and privatising of work that was to take place in all sections, including the Midland Workshops.

Reorganisation and Upgrading - 1980s

Like other government railway workshops around Australia in the late 1970s, Midland suffered from a number of factors which militated against satisfactory productivity figures. Although there had been some earlier physical upgrading, inadequate capital investment had not allowed it to keep pace with changing technology. 85 Buildings and plant and equipment needed modernising or replacing, management and work practices had to change and the workforce given some participation in decisionmaking which affected their workplace. A number of steps were taken during the 1980s to rectify these problems.

84 McCullough.
Transmark, a subsidiary of British Railways, was engaged by Westrail in the late 1970s to undertake a study of the Mechanical Branch, which in the main concerned the Midland Workshops. The brief given to Transmark was to examine the functions of the Branch and make recommendations on any changes necessary in management, production control and cost control. It was also requested to advise on an investment strategy to enable rationalisation of workshops, depots and facilities.86

When the study was announced, union representatives met with the Workshops management to express concerns about the potential loss of jobs. While supporting the need for the upgrading, they raised the issues of Westrail work being given to outside companies, and the need for the Workshops to be able to undertake more construction work in addition to maintenance. They were assured by the Workshops' Manager Ron Wadham that the study was not aimed at reducing staff, only improving efficiency.87 These concerns were repeated in a circular distributed early in 1980 by the Amalgamated Metal Workers and Shipwrights' Union. Indignation was expressed in the circular at suggestions that the Workshops did not have the skills or ability to build rolling stock for the suburban passenger services. A wide variety of rolling stock designed and manufactured at the Workshops in recent years in stainless steel and aluminium was listed. The circular went on to ask “Why are major railway projects let out to private contractors while railway engineering capacity goes unused?”88 The same questions were still being raised ten years later by the workforce at the Midland Workshops.

Following the study by Transmark, its recommendations were accepted by Westrail and it was agreed a representative of that company would commence work at the Workshops on 5 May 1980 as project co-ordinator.89

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87 SROWA, WAS 1403, Cons. 5267, TMR.79/2530, Minutes of Meeting 22 August 1979.
89 SROWA, WAS 1403, Cons.5267, TMR 79/2530, Letter from W.I. McCullough, Commissioner of Railways, to K.W. Smith, Managing Director, Transmark
A $5.2 million five-year programme to modernise the Workshops was announced in March 1980 by the Minister for Transport. He said the layout of the Workshops would be improved to allow the more efficient overhaul and repair of locomotives and other rolling stock, there would be new cranes, machines and tools provided; new production procedures, costing and budget measures would be introduced and management structures revised. In addition to the provision of new mechanical equipment, other physical upgrading included new concrete flooring, better lighting and extensive painting.

The C.M.E., in a submission to the Secretary for Railways, asserted that productivity would be improved as a result of the plan. In dealing with this question, he argued that the workers were not to blame for low productivity, but rather the excessive amount of time during working hours that men were in fact not working which amounted to an average of 50 per cent of the working day. He said:

This is not to suggest that the men are in any way lazy or inferior. On the contrary, it is the current environment (planning, supervision, equipment, layout, availability of materials, etc.) that does not permit normal output. When the men are working, their performance is correct at about 75, as one would expect.

In the early 1980s, the environment at Midland Workshops was not only a barrier to improved productivity, but totally inappropriate in the late Twentieth Century insofar as the provision of amenities for the workforce was concerned. For some years, the unions had been seeking better conditions for the wages staff. Dave Hicks, a Union Convenor at the Workshops, stated the amenities were in “a shocking state”. The toilets had been built in the 1920s, there were no change rooms for workers in dirty jobs, and “people were basically eating their food around their machines or around their workplace and this was

17 December 79.
91 SROWA, WAS 1400, Cons. 5266, TMR844, Mechanical Branch re-organisation 1981 Master Plan and Justification of Expenditure, May 1981: 14; “75” refers to the 0-100 international rating scale for work standards.
not a healthy environment.⁹² Jim Ireland, a Senior Foreman, recalled "the guys washing out of half a 44 gallon drum after work and things like that."⁹³ According to Joe Fiala, another Union Convenor at the Workshops, it was not until Westrail was forced to upgrade amenities because of the law that action was taken.⁹⁴ Dr. Norm Dufty, in a report on Westrail in 1983, was highly critical of the toilet, washing and eating facilities provided for workers at the Midland Workshops, which he described as "crude and makeshift ... and in many cases could pose a health hazard."⁹⁵

In March 1982, an internal Westrail report provided some support for Fiala's assertion that the improvement in workers' amenities had more to do with the legal situation than anything else. That report identified the issues involved and included in these was the need to meet the statutory requirements of the Shops and Warehouses Regulations under the Factories and Shops Act, which stipulated minimum standards governing washing, changing and crib areas. It was also suggested that upgrading of the conditions would probably increase productivity. An indication of the type of industrial relations that existed at the time can be found in the options presented which were: do nothing and only respond to urgent requests and threats of strike, or proceed with the upgrade with work to be spread over five years.⁹⁶ A plan was approved by the Commissioner of Railways in May 1982 and the work integrated into the reorganisation being undertaken as a result of the Transmark proposals.⁹⁷

The $2 million project provided for the installation of approximately 100 modular units containing lockers and facilities for washing, including showers, changing and

⁹² Interview with Dave Hicks
⁹³ Interview with Jim Ireland
⁹⁴ Interview with Joe Fiala
Later the toilets were upgraded and provision made for females, another legal requirement according to Fiala.

Part of the Workshops' modernisation in the 1980s, seen by Westrail to be important, was the introduction of the computer-based production control system, the Manufacturing Resource Planning System (M.R.P.S.), to assist in the management and control of production and maintenance activities. Detailed investigations, development and trials took place over a period of six years. Some Westrail staff finally worked with an international computer software company to redesign a system used primarily in manufacturing establishments for one where manufacturing represented only about 15 per cent of the work and maintenance and repair about 85 per cent.

The first of 120 computer terminals were introduced into the Workshops in March 1987. The $2.7 million system was designed to allow “management and staff to plan ahead in terms of manpower, machines, materials and space” and to allocate resources and predict completion dates for both new construction and maintenance.

The M.R.P.S. was not without its problems. It was stated by former employees that while it was helpful in areas involved in manufacture, this was not the case in maintenance work where it was more difficult to plan ahead in respect to parts. It would appear that, in addition to problems related to its relevance to maintenance and repair work, there may have been inadequate attention paid to employees’ training and participation in the administration of the system. Five years after its installation at the

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98 SROWA, WAS 1403, Cons. 5267, 81/2533, Letter from W.J. Adamson, C.M.E. to Secretary for Railways, 3 December 1982.
99 Interview - Fiala; The introduction of the Occupational Health and Safety Act 1984 and the Equal Opportunity Act 1984 also increased the standards that had to be observed in the upgrading of workers' amenities.
101 Westrail Mechanical Engineering, A New Future [booklet] (N.p. n.d.)
102 Interviews - Fiala, Adam Koval, Greg Perejuan.
Workshops, the Senior Planning Officer at Westrail expressed deep concern at the level of customer service due to outdated or unreliable data being displayed. He stated “[In] my view we are not working any better than prior to the M.R.P. days other than having a lot of information available on screen which is of doubtful quality.”103

Dr. Cecil Pearson, a consultant on employee participation, saw lack of consultation with the workers on the shopfloor as a major cause of the system’s failure:

People at this level were not involved in the development of the design or procedure. They were given instructions from a bit of paper. It gave them some directions like a recipe, and they just went and did it. They weren’t involved in the procedures. There was no involvement of people to look at alternatives, better ways, how you might do things in unison, and so what happened was that the M.R.P.S. became the focus and it didn’t work . . . You got a bit of paper and it said you do this and you do it in a certain length of time and you follow this plan or that plan, and the plans could have been changed in another shop.104

The hierarchical structure of decisionmaking at the Workshops, which was responsible for this situation, is discussed later in this chapter under “The Culture.”

The Changing Economic and Political Climate of the 1980s

In the early 1980s, although the signs pointed to a reduction in the workload, a large amount of work was still passing through the Midland Workshops. As a heavy engineering establishment, the core activities were the manufacture and repair of various forms of rolling stock and the overhaul of locomotives. Each year up to 80 wagons were built to carry bulk commodities, approximately 700 were repaired and 35 locomotives were given major overhauls105. While the Workshops did not build rail cars, these were refurbished there, including The Australind, The Prospector, and later The Indian Pacific. Components for rolling stock, railway track and signals were manufactured there. There was equipment and capacity unavailable elsewhere in Western Australia. Examples of

103SROWA, WAS1403, Cons. 5267, 84/2523, Letter from Rod Carver, Sr. Planning Officer, to Manager, Heavy Engineering, 4 May 1992.
104Interview with Dr. C.A.L. Pearson.
105Westrail, Midland Workshops [brochure] (N.p. n.d.).
this were the machinery for making dog spikes and manganese crossings, the great Churchill crankshaft grinder and the grit blaster, said to be the largest in the Southern Hemisphere. Following the reorganisation and upgrade overseen by Transmark, many modern numerically-controlled machines were installed, some capable of large scale projects.

The Workshops had an enormous capacity to carry out all manner of work. In addition to catering for Westrail's requirements, they performed work for other Government Departments, the mining industry, oil companies and various other clients with special needs. In 1982 there were twenty two different trades practised at the Workshops: blacksmiths, boilermakers, car and wagon builders, carpenters, coppersmiths, electro-platers, electrical fitters, electrical installers, electronic technicians, fitters, instrument makers, moulders, painters, pattern makers, plumbers, saw doctors, scale adjusters, sheet metal workers, trimmers, turners, watch and clock repairers and wood machinists. The Chief Mechanical Engineer in 1984, John Sutton, said “Few people have any idea just what a variety of things we can make here. It has often been said that there is nothing that cannot be made at Midland - that’s not far from the truth.”

According to Adam Koval, the Industrial Relations Officer who had worked in the Machine Shop as a turner, the employees at the Workshops were always helping solve some technical problem being experienced in the community. Two examples of this were assistance with developing a mould for a new type of brick and helping the Mint overcome problems with coin dies.

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106 Dog spikes: Large nails which hold the railway line upright on the wooden sleeper; Manganese crossing: A rail component which changes direction of a train from one line to another, made from manganese, a hard metal able to withstand the high velocity of train speed; Churchill crankshaft grinder: Equipment which allows precision grinding of engine crankshafts; Grit blaster: A process of blasting at high pressure by metal grit for stripping rolling stock and componentry for painting.

107 Interviews - Bob Wells, Fiala, Hicks, Koval.

108 Westrail, Midland Workshops.


110 Interview - Koval.
As the 1980s wore on the economic climate began to change for Midland. The demand for new rolling stock was beginning to slow and less maintenance was required due to changes in design and technology. But the political climate was also changing. The Workshops were beginning to experience the early stages of change in ethos sweeping the World in respect to public sector reform. The Labor Government elected in 1983, like its predecessor, embraced this new ethos and supported the commercialisation of government enterprises like Westrail. (See Chapter One).

The Workshops were now increasingly exposed to a competitive environment. Work which once would have come to them from their own organisation and other government departments may well now be contracted out to the private sector. A major area of concern for Workshops' employees centred on rail cars and particularly work for the electrification of the suburban passenger rail network which had been agreed to in principle by the Labor Government in 1985. Even some wagons in which the Midland Workshops specialised were now being given to private companies to construct. It was also suggested that locomotives, which had been built at Midland in the past, could be assembled there. After all, when locomotives came in for a general overhaul, it often meant virtually rebuilding the whole thing. Darrald McCaskill, a former C.M.E. at Midland, insisted the Workshops should have been operating as a manufacturing place for both rail cars and locomotives, because of the technical and human resources available there. Gavan Troy, who was Minister for Transport from 1986 to 1988 shared this view. Midland, he said, could have done what he witnessed in Sweden where a workshop just bought in the components of locomotives and assembled them. Midland had the facilities to do this. It was strongly argued by Dave Hicks, Joe Fiala and Bob Wells that both diesel rail cars (DMUs) and electric rail cars (EMUs) contracted out to private companies in the 1980s could have been built at Midland. While Adam Koval and Jim Ireland both agreed Midland had the facilities to produce a quality product, they believed

112Interview with Darrald McCaskill.
113Gavan Troy, Telephone interview by author 25 February 2000.
it would have involved a cost in reskilling and designing.\textsuperscript{114} The Workshops, in fact, gained very little work from the $145 million electrification project.\textsuperscript{115} Apart from the production of some components, for example, for the overhead powerline structure, the main contribution was a sub-contract to construct the bogies for the EMUs from the company involved in building the rail cars, Asea Brown Boveri (ABB).\textsuperscript{116} However, dealings with this company led to a proposal brokered by Gavan Troy when he was Minister for Transport in 1986, which offered great hope to the Midland Workshops. In October 1988, it was reported that a contract was about to be signed between the State Government and ABB in which Westrail would work with the company “in the research, development, production and marketing of new freight bogies (undercarriage units) including 22.5 tonne fast freight and high axle load units for use on existing track systems.”\textsuperscript{117} The project, which was to be undertaken at the Midland Workshops, was to be aimed at both the domestic and overseas markets. It was seen as an important venture which would halt the decline in manufacturing work at Midland. John Sutton, the C.M.E. at the time, claimed more manufacturing work for outside customers was essential to the survival of the Workshops.\textsuperscript{118}

According to Troy, who was no longer Transport Minister in October 1988, the project “just died” because Westrail did not follow it up.\textsuperscript{119} Bob Wells, who had accompanied Troy to Sweden in 1986 to inspect the Asea workshop, agreed the project would have been ideal for Midland. He stated no satisfactory explanation had ever been given by Westrail as to why it did not go ahead.\textsuperscript{120}

\textsuperscript{114}Interviews - Wells, Fiala, Hicks, Koval, Ireland.
\textsuperscript{116}“Midland holes $3 m. bogie contract,” The Midland Reporter 16 February 1988: 1.
\textsuperscript{117}“Railway deal,” The Echo 16 October 1988: 7
\textsuperscript{118}\textit{ibid}.
\textsuperscript{119}Gavan Troy, Telephone interview by author 25 February 2000.
\textsuperscript{120}Interview - Wells.
The unions' forecast at the beginning of the decade that there would be large job losses at the Workshops proved to be correct. The number of employees at Midland in 1982 was 2,300, including 500 apprentices.\textsuperscript{121} By June 1990, the total had dropped to 1,094.\textsuperscript{122}

"The Culture"

The Midland Workshops were an industrial establishment which could boast a skilled workforce who turned out quality work. It was a place where young people could receive excellent apprenticeship training in some trade which would virtually guarantee them future employment. In fact employment there played a very important role in the social and economic wellbeing of the employees generally. But like other railway workshops around Australia it had a reputation for inefficiency and a militant unionised workforce. Poor work practices were blamed for low productivity, but so too was what has been called "the culture" of the place. The culture, which governed both working and social relationships between management and workers, had its roots firmly embedded in the past.

In 1983 the State Government requested Dr. Norm Dufty, Dean of Social Sciences at the West Australian Institute of Technology, to conduct an inquiry into industrial relations at Westrail. Among his findings was that many of the practices, rules and status distinctions between blue and white collar workers at the Midland Workshops were legacies of the past and served no useful purpose. He described them as "distinctly Dickensian and totally out of line with modern ideas on personnel management."\textsuperscript{123} The environment that existed at the Workshops has also been described as a mechanistic one with a rigid hierarchy of authority where decisionmaking is made and communicated from the top down. In such a setting workers on the shop floor are not expected to participate in any significant policy formulation or decisionmaking and their location on the site is

\textsuperscript{121}Westrail, \textit{Midland Workshops}.
\textsuperscript{122}\textit{W.A.P.D.}, 20 June 1990:2426
\textsuperscript{123}Dufty 56.
strictly monitored by supervisory staff. Interviews with former employees would tend to support this description of the Workshops environment. They also provide some evidence that this culture and the class divisions it created - the "them and us" mentality - was a major contributor to the industrial problems that arose. There was a lack of trust which engendered a lack of mutual respect between management and the workers on the shop floor:

It was very much an authoritarian type approach to employee relationships with management. One wasn't encouraged to question anything. It was: you must do as you’re told, and the management spent an awful lot of time on imposing regulations rather than getting on with the job.

There was always a "them and us" situation - "we’re the management and you’re the workers and what the management says goes. You blokes do as we say, not as we do."

Relationships between workers and management were pretty poor. It started to improve towards the late '80s with the advent of consultative committees which provided a regular forum to interchange views. But if you walked onto the shop floor and asked the average bloke, well, the management were just a bunch of bastards.

Oh, there's always been a "them and us" situation. I don't know whether it was any worse than a lot of other places. We weren't really in an era, I suppose, where management and workers got together too easily. There were screws put on union type people and that sort of stuff, that's what it was all about in those days. You had to keep organising.

Jim Ireland felt there were faults on the side of both management and workers. He believed Midland had become a battleground between unions and management and that there was no incentive for hard work. As a Senior Foreman he

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125 Interview - Sales.
126 Interview with Kevin Mountain.
127 Interview - Fiala.
128 Interview - Koval.
had found it difficult to impose discipline on workers at certain times through lack of support by senior management:

> It was not a union problem, it was a management-union problem that created a lot of the trouble. It wasn’t like you were always fighting the union or senior management. It was the whole bloody system. You were trying to get spare parts, trying to get material. It was just difficult. Not enough was done to try and change this inbred culture. Too many people blamed the bloke next door, whether it was the foreman blamed the guy on the floor, the guy on the floor blamed the foreman, the foreman blamed the manager, who blamed the storeman, who blamed the politicians.\textsuperscript{129}

Most of the interviewees conceded that there were on occasions trivial and sometimes silly causes of stoppages and unreasonable demarcation disputes between unions over work performed by their members. However there were also other issues which involved principles of fairness and justice to employees or indeed major problems concerning health and safety. Often the only way workers or their unions could have the matter addressed was to organise a stoppage or ban on some work. Mike Sales, who worked as a mechanical fitter and later as Training Development Officer, supported this claim. He said when he first began work at the Workshops in 1976 holding a stoppage seemed to be the only way to get management to respond to a problem. Sales, Fiala and Hicks blamed Westrail management’s hardline attitude to industrial problems for union militancy. Examples were given of cases where workers were seeking an allowance for unusually dirty or dangerous jobs. It was stated that the payment to the worker may have involved $1 to $2 a day, but Westrail management were prepared to lose thousands of dollars a day due to a locomotive or other rolling stock being out of action, rather than negotiate.\textsuperscript{130} Hicks explained:

> Unions were militant and workers too, not just Shop stewards, but we had to be. You had to understand the archaic situation up there - the master-servant mentality that existed at Midland. If we weren’t militant and stood up for our rights, they would run over the top of us - redundancy, safety issues, asbestos

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\textsuperscript{129}Interview - Ireland.

\textsuperscript{130}Interviews - Fiala, Hicks, Sales.
issues, amenities - they were trying things on all the time and we had to be proactive to defend hard-earned rights. We had to fight for every little thing we had because the management’s position was so - well you would describe management’s attitude as being militant in the other way - and we had to be militant to counteract their militancy as managers if I can put it that way.  

### Consultation and Employee Participation

The catalyst for the beginning of change in management-worker relationships was the establishment of consultative committees, as required by law, to deal with matters of occupational health and safety. Although these issues were the major focus of the committees, the process provided a forum where management and unions could talk to each other on a regular basis and raise and resolve other questions. Also management came to see that employees did have a positive contribution to make. Dufty, in his 1983 report, had drawn attention to the changing industrial relations climate in other countries where employee participation in decisionmaking in the workplace was becoming common, often by statutory requirement. He pointed to Westrail’s highly successful experiment with semi-autonomous work groups in its permanent way gangs, a first for Western Australia, and pioneered by a Westrail engineer, C.A.L. Pearson. This practice had also been successful in Scandinavia, the United States and the United Kingdom. He recommended the introduction of the concept to the Midland Workshops, at least on an experimental basis. However, although Westrail had begun to embrace the consultation process in the 1980s, it seems it was not yet ready for semi-autonomous groups on the shop floor. It was not until the blue collar unions at Midland took the initiative four years later that Dufty’s recommendation became a reality. In late 1987, the Convenors of the four unions - the A.M.W.S.U., the A.S.E., the A.R.U., and the E.T.U. - wrote to the Commissioner of Railways seeking a change in the running of the Workshops to allow more employee participation in work-related decisionmaking. The Commissioner, in mid 1988, appointed Dr. C.A.L. Pearson to pursue the matter.

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131 Interview - Hicks.
132 Dufty 62.
Following consultation with Workshops management, the workforce and union Convenors and Shop Stewards, Pearson designed a project to test the effect of semi-autonomous work groups in the Workshops. Workers who volunteered for the Employees' Participation Programme were randomly selected and allocated to 16 participative work groups and a similar number of non-participative control groups, spread throughout the Workshops. The experiment, which was to last for one year, began in February 1989. The autonomous groups were given a new form of work organisation which encouraged them to use their initiative, set goals, develop strategies and solve problems. It also enabled them to move around the Workshops if necessary to seek resources or discuss relevant issues with fellow workers, something forbidden before. The control groups, on the other hand, continued to perform their work under the traditional system of hierarchical decisionmaking and work practices.133

While there was some initial skepticism and conflict, the results of the study revealed that empowerment of employees can have positive outcomes both for the workers and for the organisation employing them. The measurement of the test data provided evidence that for the autonomous groups there was increased job satisfaction, feelings of job security, increased productivity, less absenteeism, improved job motivation and a safer environment. This was not the case for the non-autonomous groups, who did not show the same positive results, and who even recorded an increase in accidents.134

The Employees' Participation Groups were so successful that at the end of the first year, 1989, a lot more groups joined. Workers became so enthusiastic that they filmed worthwhile achievements, like the bogie-turning invention.135 The new role taken on by the autonomous groups produced some remarkable initiatives on the part of the employees concerned. In one, a work practice of 30 years was changed when members of

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135Interview - Pearson.
the Fitting Shop Group researched, planned and developed a revolutionary way of handling and fitting bogies to rolling stock. It not only created a safer and more efficient procedure, but the Group's ingenuity was to win for it the C.Y. O'Connor Award for outstanding achievement in the Public Service or Local Government.\textsuperscript{136} Unfortunately, an invention which could have been developed, patented and possibly earned a considerable income for Westrail did not proceed because, according to Pearson, "the concept of continuous improvement was not endorsed by people who had the power to take it forward."\textsuperscript{137}

There were other promising initiatives which failed to gain the support of senior Westrail management in the 1990s. By the late 1980s, the employees at Midland were becoming increasingly worried about the reducing workload there. It was the reason why they had eagerly sought a role in the electrification project. The Employees' Participation Programme assisted the autonomous groups to recognise and examine ways in which they could gain more work for the Workshops. The Electroplating Shop was an example of where the employees discovered that not only was there a market for their services, but that their own organisation Westrail was outsourcing work which could have been done in their Shop. They then proceeded to obtain some of this business and their efforts were rewarded. Work worth thousands of dollars started to come in and satisfied clients praised the quality of the work. Some of this work would not even have been done in Western Australia and would have gone to Indonesia.\textsuperscript{138}

There were other Shops with surplus capacity, whose members were also keen to obtain more work. The initiative was therefore taken to produce videos and a comprehensive Trade Directory, initially for presentation to other Westrail Branches, to

\textsuperscript{136}Pearson 1991: 69.
\textsuperscript{137}Interview - Pearson
\textsuperscript{138}Enterprise 2. [Video] Produced by Greg Perejuan on behalf of the Employees Participation Programme, Midland Workshops. 1989.
promote the enormous range of skills and services available at Midland. The Directory also listed direct telephone numbers in each area to improve customer service.\textsuperscript{139}

In 1990 the Senior Management of the Midland Workshops was to undergo a radical change with the appointment of a new General Manager. Following this, according to anecdotal evidence, employees were banned from “soliciting” work for the Workshops and threatened with a fine for leaving the site during working hours. The videos were not allowed to be shown and the Trade Directory abandoned. The Employees’ Participation Programme which offered a more democratic and productive workplace and hope to the employees at Midland came to an end in 1992.\textsuperscript{140}

\textsuperscript{139}\textit{Midland Workshops Trade Directory} 1990 (Midland Workshops: Employee Participation Groups, December 1989).
\textsuperscript{140}Interviews - “Peter”; Pearson; Perejuan.
CHAPTER THREE
THE EARLY 1990s: ON TRACK

This Chapter focusses on the early 1990s. It will critically analyse the steps taken at this time to rationalise the Workshops to improve productivity, and whether they were perceived to be successful.

Midland Workshops to become a Business Unit

In the 1990s, Westrail continued to be driven by the policies laid down in the previous decade in which the primary goals were commercialisation and corporatisation. As part of this process, it was planned to develop the Midland Workshops as a separate business unit within Westrail. The W.A. Functional Review Committee, in its 1988 review of Westrail, had recommended a corporate structure in which management accountability would be through discrete business units based on products or services rather than disciplines or functions. Midland was to become one of these.141

Following acceptance of the recommendation concerning Midland, the Commissioner of Railways took steps towards its implementation. This included the preparation of a Midland Workshops Business Plan by Workshops' Management. The report, which was released in February 1990, was considered by the employees at Midland and others to be inadequate and more a preliminary strategy document than a business plan which addressed major issues concerning the Workshops' viability.142

141W.A. Functional Review Committee, Review of Westrail (Perth: The Committee, 1988) iii. The Committee was established by the State Government in 1986 to review all government activity and evaluate whether it should be continued, modified, scaled down or abandoned.
142Interview - Mountain; Jacobson 4.
The Jacobson Business Plan

Once again the Unions and the workforce showed some initiative and the four blue-collar Unions - the A.M.W.S.U., A.R.U., A.S.E., and E.T.U. - formed a Midland Workshops Business Plan Review Committee. The Committee successfully sought funding from the Government for an independent consultant to assist it to participate in the planning process. In June 1990, the Minister for Transport approved the appointment of Don Jacobson and Associates for this purpose. By October Jacobson had produced a comprehensive business plan with detailed recommendations related to management and organisational structure, streamlining production for greater productivity, human resource management, opportunities for increased outside work and a marketing strategy. However, there was to be another plan produced which would take precedence over that of Jacobson.

The Henshaw Appointment and Rationalisation Plan

In May 1990, a person from the private sector had been appointed to the new position of General Manager of the Workshops. Barry Henshaw, at the time of his appointment, was the General Manager, Railway Products, for A. Goninan & Co. in Newcastle, New South Wales, and had previously been State Manager of the company in Western Australia. Henshaw was required to formulate recommendations aimed at improving the efficiency of the Midland Workshops. He brought down a report in August 1990 based on the following objectives:

1. Establish the Midland Workshops as an autonomous business operating on a commercial basis at arms length from Westrail,

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143 Jacobson 4-5.
144 Jacobson.
145 The role of Chief Mechanical Engineer, which included overall responsibility for the Workshops had been abandoned in 1989 in the restructuring of Westrail Management into business groupings. A new position of General Manager of the Workshops was created.
146 "New head for Midland," Westrail News April 1990: 3.
treating Westrail as a customer.

2. Raise the efficiency of the Midland Workshops to improve the turn around and therefore utilisation of Westrail's rolling stock.

3. Lessen the burden on the State by reducing operating costs.

4. Improve economic viability to enable fair competition with the private sector in areas identified as the core business.

5. Formulate and implement a marketing strategy to ensure strong growth of the defined core business.

6. Establish a stable, harmonious environment with real future prospects for Workshop employees.\(^{147}\)

As part of the consultation process that had been introduced earlier by the Commissioner of Railways, the Henshaw report was made available to the workers at Midland and their unions. The recommendations in the report, aimed at rationalisation of the Workshops, contained significant implications for the work and jobs of the employees. As a result of this, and the fact that the Jacobson report was imminent, a flagpole meeting of employees on August 28, 1990, passed the following motion:

That a delegation from the Business Review Committee meet with the Minister and inform her that they shall hold in abeyance the Barry Henshaw Report until such time as the Don Jacobson Report is available and both reports have been assessed by all parties, and these reports be acted upon on their merits after endorsement of all parties concerned.\(^{148}\)

Both reports were subsequently presented to the Minister for Transport. However, Jacobson is of the opinion that Westrail Management had already decided to endorse the Henshaw Rationalisation Plan and were not interested in his Business Plan, which "showed clearly how a large part of the Workshops could and should continue


\(^{148}\)Jacobson 7.

The flagpole was the site at Midland Workshops where mass meetings were held.
operating.”  

No doubt this bias formed the basis of the recommendation that went forward from the Commissioner to the Government, which ultimately approved the Henshaw Plan in May, 1991. 

Henshaw’s appointment was the cause of some apprehension among the workforce at Midland. The fact that he came from the private sector and particularly from Goninan, a large company that had the potential to take work away from the Workshops was the basis for this concern. When it was later revealed in the press that he held shares in Goninan’s parent company, Howard Smith Ltd, it only served to heighten the workers’ fears.  

On the other hand, Henshaw is defended by Koval, who says he took the job with a genuine belief that he could “turn the place around.”  

It was generally agreed among Midland workers that the Workshops needed to be rationalised. What worried them was the way it would be done. While some saw the potential for positive outcomes from the Henshaw Plan, others perceived it to be “a cost-cutting exercise without any real development proposals.”  

The Minister for Transport, Pam Beggs, and the Labor Government were conscious of the workers’ concerns and receptive to union demands. As a result, the approval of the Henshaw recommendations carried with it the following directives to Westrail Management:

- Redundancy and redeployment at the Workshops were to be voluntary;
- Proposed changes were to be through a consultative process, involving employees and would require a consensus before introduction;
- Sub-contracting to be with union agreement.  

149 Don Jacobson, E-mail to the author 6 March 2000.  
152 Interview - Koval.  
154 Charlton letter.
Feeling reassured by the Government’s decision, the workforce at Midland, in June 1991, voted in favour of the Henshaw Plan and a consultative committee was established comprising equal numbers of management and union representatives.\(^{155}\) An enthusiastic reference to this by the Commissioner of Railways appeared in that year’s *Westrail Annual Report*:

> An encouraging consensus was reached between management, unions and the workforce at our major Midland workshops on the transformation of that facility into a commercially viable engineering enterprise. Midland has the capacity to take on more work than is currently offered by Westrail, and represents an opportunity to expand W.A.’s engineering servicing and manufacturing base with export markets in mind.\(^{156}\)

**Implementation of Rationalisation**

The steps taken by Westrail in the 1980s to improve productivity at Midland Workshops should have improved the situation significantly. There had been physical reorganisation and upgrading of the Workshops, the introduction of a computerised production system, albeit with some flaws, and a massive 50 percent cut in the workforce. While there were still some problems with work practices and demarcation disputes, the introduction of consultative processes, the Employees’ Participation Programme and award restructuring were beginning to make an impact in this area. With this groundwork to build on, there was some justification for optimism that the rationalisation plan would produce a secure future for the Workshops. That it did not requires an analysis of the reasons why.

The crux of the problem at Midland in the early 1990s was the diminishing work load, due mainly to technological advances in rolling stock design and an increasing tendency by Westrail to outsource projects. The workers at Midland were well aware that too much of their time was not productive and therefore exacerbating inefficiencies in

\(^{155}\text{*Westrail Annual Report* 1991: 24.}\)

\(^{156}\text{ibid. 5.}\)
production outcomes. Because of this, they were desperate to obtain more Westrail and outside work to boost their workload. Despite the improvements introduced in the 1980s, there were still endemic problems that needed to be addressed. The workers and their unions were aware of this too, and that was why they had accepted the rationalisation plan. The trouble was that while they were prepared to tackle both issues simultaneously the Workshops Manager was not.\(^{157}\)

Henshaw, in his report, argued that the Midland Workshops were not ready to compete in the open market and would not be until the basic problems of costs, timeliness and quality were addressed. He considered it "politically unwise to continue to pursue work in competition with the private sector until such time as the Workshops’ costs have been properly addressed."\(^{158}\)

The problem with this argument was that the Workshops were to be deprived of work and could, as a result, be shown to be even more unproductive. Had this policy been strictly followed in the 1980s, Midland would not have achieved the valuable bogie contract from ASEA Brown Boveri for the electrification project rail cars or other lucrative construction contracts. Despite the decreasing amount of work coming into the Workshops, they were still a major engineering establishment at the beginning of the 1990s. The February 1990 *Midland Workshops Business Plan* prepared by Westrail Management had revealed that the projected revenue for 1989/90 was nearly $50 million.\(^{159}\) (See Appendix A).

As part of the research for his proposed business plan for the Workshops, Jacobson conducted a market survey to test customers’ attitudes and to ascertain the potential market for Midland’s products and services. He found a serious weakness in the lack of marketing and customer services where problems with delivery dates, quality of work or cost estimates could be raised. There were :

\(^{157}\)Interviews - Fiala, Hicks, “Peter,” Pearson.

\(^{158}\)Henshaw 5.

\(^{159}\)Jacobson 36.
- difficulties in contacting anyone at Midland Workshops who could assist the customer;
- no visits by anyone specifically enquiring about customers' opinion of recent work carried by Midland Workshops;
- no enquiries from Midland Workshops about possible future work;
- absence of literature describing the capabilities of Midland Workshops.\footnote{160}

The same survey identified "a very large local market for the products and services in which Midland Workshops specialises, which is currently not being adequately serviced."\footnote{161} In addition to potential local markets, Jacobson's report also lists possible Australian and overseas customers, particularly in South East Asia.\footnote{162}

The Henshaw Plan also identified potential markets for Midland Workshops' products and services, but insisted on the Workshops becoming more efficient and cost-competitive before any marketing could take place.\footnote{163} This approach has been described as both simplistic and flawed because, by the time all the changes had been achieved, it would be too late to save the Workshops. "The patient would be dead."\footnote{164}

Figures revealed in \textit{The West Australian} newspaper provided some evidence that in addition to organisational problems that should have been corrected, lack of work was a large cause of financial loss in the Workshops:

\begin{quote}
Westrail's Midland Workshops lost hundreds of thousands of dollars a year because they did not have enough work.
\end{quote}

Documents obtained by \textit{The West Australian} yesterday show that more than 14,000 working hours were lost between last June and March because employees had nothing to do.

This accounted for 41 per cent of the 35,115 hours lost in the period. As well, equipment breakdowns were blamed for 20 per cent of the

\begin{footnotes}
\item[160]Jacobson 37-38.
\item[161]Jacobson 38.
\item[162]Jacobson 38-39.
\item[163]Henshaw 5, 8, 30, 40-44.
\item[164]Interview - Pearson.
\end{footnotes}
lost time, waiting for materials 17 per cent and unavailability of cranes 17 per cent.

The documents show that lost time this financial year has already cost Westrail more than $500,000. Lost-time costs in 1991-92 were put at $835,880, and $706,476 in 1990-91.\textsuperscript{165}

Henshaw asserted that productivity at Midland was rated at 40 per cent compared with 70 to 80 per cent in similar industries in the private sector.\textsuperscript{166} While the level of productivity at Midland was of serious concern, doubts about the financial benchmarks used by rail systems were raised in the national study of rail workshops conducted by Jacana Consulting in the early 1990s. The report pointed out that rail systems had used overall industry benchmark figures suitable for manufacturing:

> These do not necessarily relate to the characteristics of the rail workshop industry, particularly where most of the public workshops undertake maintenance work as distinct from manufacturing, which can make greater use of production line technology . . . There are major differences within the workshop industry (such as jobbing versus production line processes) which make use of average workshop benchmarks very questionable.\textsuperscript{167}

Jacana suggested that benchmarks for the public sector workshop industry should take into account that, among other things, over 90 per cent of the work was maintenance rather than manufacturing new products, with the major part of the work carried out in jobbing shops instead of production lines.\textsuperscript{168} As the Midland Workshops in the 1990s were in the position outlined by Jacana, namely approximately 90 per cent maintenance to 10 per cent production, it raises questions about the validity of the comparative productivity figures quoted in the Henshaw report. It is of some significance, too, that Jacana found it impossible to provide a complete assessment of production performance for each of the major workshops in the study because of “inadequate management information.” Of eight productivity measures listed, Midland answered only two. It did

\begin{itemize}
\item \textsuperscript{165}“Lost hours drain Westrail,” The West Australian 11 May 1993: 3.
\item \textsuperscript{166}Henshaw 20.
\item \textsuperscript{167}Jacana xviii.
\item \textsuperscript{168}ibid. xix.
\end{itemize}
Nevertheless, there was universal agreement among all the stakeholders at the Workshops that productivity was far from satisfactory and something had to be done to improve the situation. The Henshaw report listed the following as the major factors contributing to low productivity:

(a) overmanning in some areas

(b) lost time due to:
   - unavailability of parts
   - waiting for cranes
   - unavailability of shunting

(c) ratio of direct to indirect employees

(d) level of Workshop overheads

(e) level of general overheads

(f) poor work methods

(g) industrial relations

(h) production ceilings or "tallies"

(i) demarcation issues

(j) equipment and facilities

Former Workshops employees who were interviewed agreed with a number of the issues listed. In respect to "the overheads", Ireland, Fiala, Hicks and Koval all agreed that there were too many layers of supervision and management compared to private industry. However, Koval pointed out that the large number of engineering staff could be attributed to the fact that railway authorities had traditionally placed great importance on quality and safety and therefore employed the staff to ensure this.

\(^{169}\text{ibid. xiii, 2-104.}\)

\(^{170}\text{Henshaw 20.}\)
He also blamed maintenance costs related to the buildings, which remained the same irrespective of how much the workforce was reduced. Fiala complained that one of the biggest problems was delay in parts delivery. Tradesmen, he said, could be held up for long periods waiting for crucial parts for some job, and the waiting time for parts had to be booked. In theory the M.R.P.S. computer system was supposed to remove that problem, but in practice it did not. Sales mentioned other overheads not carried by the private sector to the same extent, and they were the training of apprentices, employment of people with disabilities, and workplace safety committees. These constituted a legitimate social commitment by the Workshops, but there was also a cost to be borne because of it.  

Wells pointed out that:

The Workshops were more than a rolling stock manufacturer, more than a heavy engineering division. They had their own drafting facilities; they had constant planning that they were doing; they had a whole host of engineers the likes of which no outside firm that would quote would cover for. In terms of the payment of rail workers, the workers weren’t being overpaid. It was the structure that Management had and they had a high number. You had to carry an overhead that took into account the fact that it was supporting a running railway . . . You had to have a lot of plant and equipment there that you weren’t capable of maximising the use of all the time. There isn’t a similar environment in the private sector. They either have a contract to do X number or they don’t. How can you put a contract on waiting around for the next derailment ...?

Wells felt that, because of these factors, Henshaw’s comparison of the Workshops’ productivity with that of the private sector was not a reasonable one.

The Jacana study provided some support for the comments of Koval and Wells in respect to the importance placed by rail systems in the past on quality, safety and responsiveness, but points out that these systems were now not prepared to meet the costs involved in ensuring this through public workshops:

Quality and reliability have generally been the key strength of the public workshops. While all workshops are now seeking

\footnote{171 Interviews - Ireland, Fiala, Hicks, Koval, Sales.}
\footnote{172 Interview - Wells.}
accreditation to AS 3902, the quality of the end product has rarely been faulted. However, this high quality has usually been achieved at a cost, which the rail systems are no longer prepared to pay. Responsiveness has also been an advantage for some workshops where collision damage and component failure can be repaired promptly.173

The issues of work practices and demarcation disputes, for which the Workshops had long had a notorious reputation, were also discussed in the interviews. The consensus appeared to be that by 1993 many of these problems had been resolved with award restructuring, broadbanding and multiskilling. Fiala, who served on the Workshops’ Award Restructuring Committee, pointed out that in the 1990s Westrail generally was participating in the national programme aimed at achieving structural efficiency in the workplace. He claimed this was being successfully implemented for the Workshops. With award restructuring and multiskilling, work like rebuilding a locomotive which once involved seven or eight different trades, was narrowed down to four and this reduced the number of people required to do the job.174

Sales, a training officer at the Workshops for his last two years, played a role in the multiskilling process by organising in-house and TAFE courses for employees. He agreed that demarcation problems had greatly diminished by 1993.175 An example of the type of retraining undertaken was reported in Westrail’s 1993 Annual Report, which contained the information that “an innovative cross-skilling project was undertaken at Midland Workshops where 12 boilermaking tradespersons were trained in blacksmithing skills. This program was the first in Australia and the model is likely to be adopted throughout the nation.”176

Ireland stated there were still some demarcation problems right up to the end. For example, tradesmen being forced to wait for a forklift because it had to be driven by a certain category of worker.177 Hicks agreed with Ireland that there were some

173 Jacana xiv.
174 Interview - Fiala.
175 Interview - Sales.
177 Interview - Ireland.
demarcation disputes still to be resolved, but claimed the effects on efficiency were minimal. He believed a lot of restructuring and multiskilling was achieved because of the fears of workers about the future of the Workshops.\textsuperscript{178}

Koval, as the Workshops Industrial Relations Officer during the 1990s, was instrumental in obtaining union and worker co-operation in changing underlying causes of demarcation disputes. While he acknowledged some problems existed up to 1993, he felt that it was because of the imminent disappearance of demarcations that the closure was announced when it was:

\begin{quote}
We were sort of nearly there in virtually a couple of months, and that’s why they moved fairly quickly in my opinion, because they’d broken the back of the demarcations. . . . Once a lot of the information went out about how the amalgamations of the trades and the training programmes were kicking in, and the fact that people were working much more flexibly was announced, it would have made it that much more awkward.\textsuperscript{179}
\end{quote}

Koval said he had a lot of signed agreements between the parties that eliminated most of the demarcations.

The opinions expressed by the majority of interviewees that there had been significant progress in this area is supported by the Jacana Study. Jacana acknowledged that, in the three years preceding its report in April 1993, major change had taken place in work practices in rail system workshops throughout Australia, providing clear evidence of a cultural change “with substantial productivity improvements continuing.”\textsuperscript{180}

\section*{Quality Assurance Accreditation}

As a result of the Henshaw Plan, a Quality Assurance programme was introduced in the Workshops in late 1991, with the appointment of a Manager to design and manage it. This was considered necessary, firstly to comply with the Government policy which required suppliers of goods and services to government to be quality assured,

\textsuperscript{178}Interview - Hicks.  
\textsuperscript{179}Interview - Koval.  
\textsuperscript{180}Jacana xi.
and secondly to assist in attracting work on the open market. Under the programme the Workshops would aim to be quality assured to the internationally recognised standard AS 3902/ISO 9002, and receive accreditation from Lloyds of London.\textsuperscript{181}

The introduction of the Quality Assurance programme was described in \textit{Westrail News} in April 1992 as the central initiative in the restructuring that was taking place at the Workshops which would ensure a more competitive and harmonious working environment. The publication also reported: "The support and enthusiasm of staff and on-site Union officials is encouraging and will ultimately ensure the success of the venture."\textsuperscript{182}

The interviews conducted with former Workshops’ employees confirmed that there was strong support from the employees and their Unions for the programme. However, it was suggested that while it was ultimately a great achievement it was a very expensive exercise that really only documented what was already happening in the Workshops anyway.

According to Fiala, who served on one of the Fitting Shop Quality Assurance Committees, the major part of the work in preparation for accreditation was done at at shop floor level. This was because it was at this level that job descriptions and instructions were documented for the manual in preparation for the audit. He felt the cost of achieving accreditation was too expensive: "Every workshop had these groups and they consisted of anywhere up to six to eight people who met frequently, and when we were drawing up these procedures we weren’t doing our productive work."\textsuperscript{183}

Wells also saw it as too expensive describing it as a "multi-million dollar cost exercise that tied up a lot of staff and a lot of time," designed to back an advertising campaign that never occurred.\textsuperscript{184}

\textsuperscript{181}Henshaw 37- 38.
\textsuperscript{182}"Top quality new system for Midland,” \textit{Westrail News} April 1992: 8.
\textsuperscript{183}Interview - Fiala.
\textsuperscript{184}Interview - Wells.
Hicks stated that Unions and workers had been committed to the whole process, seeing it as an essential component in the marketing of the Workshops for outside work\textsuperscript{185}

Koval agreed that the people who contributed most to the achievement of accreditation were the workers:

They hopped in and wrote procedures and proved things. It was a big team effort. They did work exceptionally hard to achieve it in a reasonably short period of time, but a lot of it was in place because it was a fairly systematic place. I mean Quality Assurance was only really taking the system and putting it down on paper. It was only a matter of people basically writing down what they did anyway. The quality was there. The Railways have always been traditionally careful, and there is no doubt really that the the last of the craftsmen were probably still there at the end. They were not just tradesmen; a lot of the people who worked in the Shops were craftsmen; they were very good at their trade, so a lot of the work that they produced, given some of the antiquated machinery they used over the times, was of an exceptionally high standard\textsuperscript{186}

Ireland agreed with Koval that the quality of work done at Midland was very good and that a quality control system really only documented the way things are done. To have Midland Workshops Quality Accredited was really “a huge achievement”. However he complained that it did not change the culture. It did nothing to affect the attitudes of people including managers, foremen or workers on the shop floor. No one thing was ever going to change the culture\textsuperscript{187}. This opinion seems to conflict with other information gathered by the author, as already outlined earlier\textsuperscript{188}

By the end of 1992, eighteen months after the introduction of the Henshaw rationalisation plan, much had been done. In addition to the successful negotiations on award restructuring and multiskilling and the progress towards Quality Assurance Accreditation, there had been further reorganisation of the production structure under

\textsuperscript{185}Interview - Hicks.  
\textsuperscript{186}Interview - Koval.  
\textsuperscript{187}Interview - Ireland.  
\textsuperscript{188}See Chapter Two.
three managers: Heavy Engineering, Rolling Stock and Production Services. Westrail's
Supply Branch, which had always been located at Midland, came under the authority of
the General Manager of the Workshops. Despite the wishes of the workers some
sections considered by Henshaw not to be relevant to "core tasks" were closed. The
number of employees had been reduced by some 16 per cent.

In December 1992, Henshaw, as the Workshops General Manager, in a Christmas
Greetings Message to Westrail staff, paid a tribute to the employees in the Workshops and
Supply Division which, he said, had achieved some excellent results during the year in
production and reorganisation. "We also achieved a new safety record, made considerable
progress with award restructuring and the progress with our quality assurance programme
is highly commendable" he said.

Two months earlier, the Commissioner of Railways, Dr. Gill, had told a
Parliamentary Estimates Committee that the Midland Workshops were being reorganised
and equipped for a strong future in the railway industry and that they had the potential for
work for outside customers.

The State Labor Government in 1992 had agreed in principle to capital
expenditure of $27 million over four years, deemed necessary to modernise the
Workshops and allow them to become competitive.

It seemed the Workshops were on track to operate as a separate business unit as
from July 1, 1993, by which time Quality Assurance Accreditation was expected to have
been achieved. The Accreditation was, in fact, awarded to the Workshops by Lloyds

189 Interview with Hugh Smith.
190 Interviews - Mountain, Wells, Fiala; Total number of employees in June 1990: 1094,
in April 1993: 920.
191 W.A.P.D. 20 June 1990: 2426; Eric Charlton, Minister for Transport, Letter to Rail
Unions 30 April 1993.
192 Barry Henshaw, "Merry Christmas to all," Westrail News December 1992/January
1993: 11.
194 Interview with Mrs. Pam Beggs.; Charlton letter.
on 28 June 1993, and described by the Commissioner of Railways as a “magnificent achievement”. It was ironic that the Commissioner’s eulogistic comments appeared in the first *Westrail Annual Report* after the closure of the Workshops on March 4, 1994.197

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197 *Westrail Annual Report* 1994: 2
CHAPTER FOUR

"DERAILLED" : THE CLOSURE

This Chapter examines the events and the political debates surrounding the announcement of the closure of the Workshops. The study focusses on the role of the Coalition, the reaction to its decision by the public and the workers affected, and the Government’s response to demands for justification of the decision.

The Coalition Election Promise

On 6 February 1993, a State Election was held in Western Australia. During the campaign leading up to that election the Liberal and National Party Coalition announced the following policy for Westrail’s Midland Workshops would be implemented should the Coalition win the Election:

MIDLAND WORKSHOPS

The Midland Workshops have not been allowed to develop at the pace and in the direction necessary to secure their long-term future.

Under a Coalition Government, the Midland Workshops will be better equipped to fulfil their existing role, and will be given a most important new role that will secure their long-term future.

We will:

* Establish an Institute of Heavy Engineering. It will be co-located with the Westrail workshop at Midland. The Institute will be part of a fully integrated training institute for the heavy engineering trades;

* Re-equip the Midland Workshops;

* Invite the private sector to participate in the further development of the Midland site and become part of a world class heavy engineering complex to service the needs of the rail, mining, agriculture and the new value adding industries.198

The employees at Midland Workshops were so impressed by this that not only did many vote for the Liberal candidates in the seats surrounding the Workshops and help to elect a Coalition Government, but some even took out housing loans following the election, confident that their jobs were now safe.199

For two months after the election, morale was high at the Workshops. A government was in power which had virtually guaranteed their long-term future. Workers could now look forward to a secure future for themselves and their families.

The Closure Announcement

It was therefore with shocked disbelief that they read in The West Australian newspaper on 28 April 1993 that the Court Cabinet had, the previous day, decided to close the Midland Workshops as part of sweeping reforms to Westrail.200 Kevin Mountain, a Workshops employee of 42 years, described the experience as “gut wrenching.”201 The details of the package of changes, which appeared in the following day’s newspaper, revealed that, as a cost-cutting measure, Westrail’s workforce would be reduced by 22 per cent. The 1050 jobs to be axed included approximately 750 at the Midland Workshops,202 which would be closed, and the work usually performed there contracted out to the private sector or transferred to other Westrail depots. Workers would be offered redeployment to other government jobs or voluntary redundancy.203

202The total employed at Midland, 920, included 90 apprentices, who would complete their courses or be transferred to other places in Westrail or private industry, and another 80 people to be transferred to Forrestfield or other sites. This left 750 jobs to go.
This decision on the part of the Court Government would be only one of many in
the future which would leave no doubt in the public’s mind that this was a government
dedicated to an economic rationalist programme, which would see many public sector
jobs and services privatised. Only a week after the Midland Workshops closure
announcement, the Premier, Richard Court, warned that “whole government departments
could go under the State Government’s public sector reform agenda.” He said the
Government was looking at where it could “cut down the size of government.”

The betrayal of Westrail workers by the Government was particularly difficult for
them to accept, not only because of its pre-election pledge, but also because of a recently
signed Enterprise Bargaining Agreement between Westrail and its employees. The
Agreement, registered in the W.A. Industrial Relations Commission on 14 January 1993,
was the culmination of 12 months hard negotiations between the parties. It committed the
parties - Westrail and the workers - to “meeting the objectives and strategies of Westrail’s
corporate direction.” This included “establish[ing] the Midland Workshops as an
autonomous business operating on a commercial basis and treating Westrail as a

204Malcolm Quekett et al., “We may swing axe wider, warns Court,” The West
Australian 5 May 1993: 7; Examples (not the complete list) of W.A. public sector assets
and services sold, closed or contracted out since the election to office of the Court
Government in 1993 are: Sold: S.G.I.O., Bankwest, State Print, Government vehicle
fleet, Healthcare Linen, Dampier to Bunbury natural gas pipeline, Alinta Gas, Westrail
 Freight, Total West; Closed: Midland Workshops and other Westrail depots, Robb Jetty
Meatworks, State Ships, Homewest Maintenance Division, B.M.A. construction
operations, hospitals and nursing homes; Contracted out: Art Gallery: attendants,
cleaning, security; Education Department: cleaning and gardening in schools, I.T.
services, stationery supply, swimming lessons; Health Department: hospital catering,
gardening, security, maintenance, radiology, radiotherapy, orderlies, I.T., linen services,
Mandurah and Wanneroo hospital services; Homewest: maintenance; B.M.A.:
cleaning, maintenance, management of public buildings; Ministry of Justice: Acacia
(Wooroloo) prison, court security and custodial services; Main Roads: road design,
engineering, construction and maintenance; MetroBus services; Water Authority:
design, engineering, maintenance, surveying, security, meter reading, drilling services;
Westrail: manufacturing and maintenance of rolling stock, construction and
maintenance of rail track, cleaning, security on trains. There is also a
whole-of-government common use mandatory contract which all agencies use for
personnel and payroll services, travel reservations, recruitment, related human resources
services and vehicle fleet management. (Source: W.A.P.D. and The West Australian).
customer.” The parties agreed to “recognise and accept that full participative and consultative processes are necessary (author’s emphasis) to facilitate the effective and efficient implementation of the ongoing initiatives and strategies outlined in this Agreement.” To achieve this, forums were to be established or maintained in which the parties would be able to “determine and resolve new issues or events arising from the changing business needs of Westrail” (author’s emphasis).

So, in effect, a legally binding agreement had been signed by the Commissioner of Railways which committed the Government to maintain and develop the Midland Workshops and to consult with the workforce over matters concerning Westrail, including the Midland Workshops. But there was no consultation with either the employees or their unions about the impending bombshell. By its arbitrary announcement of the Workshops’ closure on 28 April, the Court Government was considered by Workshops employees to be guilty of both a breach of faith and a breach of what was regarded as a legal contract.

The Decision Process

The Government claimed its decision was based on recommendations from Westrail following a request from the Minister for Transport. As far as the workers at Midland and their Unions were concerned, suspicion immediately fell on the General Manager of the Workshops, Barry Henshaw, as the person responsible for the recommendation to close the Workshops. Following the election and for some weeks prior to the announcement, Henshaw was absent from his position as General Manager Workshops and Supply and replaced by Hugh Smith, who acted in his place. Also, projects for which funding had been approved by the previous Government were put on hold in that period. It was generally believed that Henshaw had written a report which

206 ibid. 191.
207 Interviews - Fiala, Mountain, Wells.
208 SROWA, WAS 1403, Cons. 5267, 84/2423 v.10. Letter from H.R. Smith Acting
sealed the fate of the Workshops. However, it was difficult to prove because of the secrecy surrounding the whole event. The author has now uncovered information to indicate that those suspicions were well founded. It has been stated that in April 1993 Barry Henshaw presented a report to a meeting of the Executive Group of Westrail which contained two options: complete closure of the Midland Workshops or partial closure. The Executive Group, which consisted of the Commissioner of Railways and Heads of Westrail Branches, decided to recommend complete closure to the Government. This decision was apparently taken without consultation with any other Westrail staff.\textsuperscript{209} Although he continued to be employed by Westrail for three months after the closure announcement, Henshaw never returned to work at the Midland Workshops.\textsuperscript{210} Instead, he was requested by the Commissioner to lead a team to organise the relocation of work usually performed at Midland.\textsuperscript{211} Hugh Smith continued in his position as Acting General Manager until the closure the following year.\textsuperscript{212}

The Government claimed the closure of the Workshops, the redistribution of some of the work to other depots and contracting out to the private sector would save in the order of $19 million annually.\textsuperscript{213} However when pressed at public meetings or in the Parliament for detailed justification of this figure, it became obvious that the Court Government had made a hasty decision to destroy a large and significant industrial establishment without the provision of the necessary detailed information. Nor had there been any consultation with representatives of important stakeholders, namely Westrail employees or their unions or the Midland and surrounding communities. This reinforced the suspicion that the decision was based on ideological rather then economic grounds.

\textsuperscript{209}Interviews - Wells, Mountain, "Richard", Fiala.
\textsuperscript{210}W.A.P.D., 11 August 1993: 2264.
\textsuperscript{212}Interview - Smith.
\textsuperscript{213}Eric Charlton, Minister for Transport, Letter to Rail Unions 30 April 1993.
Reaction to the Decision

*The West Australian* newspaper, in its editorial, was highly critical of the Government, saying “There could be few more blatant betrayals of trust than the Government’s decision to close Westrail’s Midland Workshops next year after pledging before the poll to re-equip the plant to ensure its long term future.” The editorial pointed out that Westrail had already undergone a decade of rationalisation to make it more efficient and “further upheaval of the type planned by the Government required consultation and careful handling.” The Midland Workshops decision was evidence of “a callous and hamfisted approach,” it said.214

Midland workers and their unions were driven by two main issues in their campaign against the Government’s decision. Firstly, they wanted Westrail and the Government to substantiate their claims about the Workshops’ financial position with documented evidence. Secondly, they believed that with enough public and political support they could get the decision reversed, or at least modified. They were convinced the Workshops could be saved, either by rationalisation of the existing buildings or by moving to a new site, for example at Forrestfield where Westrail had plenty of land suitable for a purpose-built facility.215 So much time, effort and expense had gone into achieving Quality Assurance Accreditation and workplace reform such as multi-skilling and retraining; the Workshops could boast some of the best tradesmen and plant and equipment in Western Australia; and the cost of redundancy and redeployment would be very high. Surely, they argued, the retention of the facility was not only desirable, but economically feasible.

The campaign waged by the unions focussed more on political than industrial action. While there were token stoppages, they did not really constitute strike action and there was very little disruption to work at the Workshops or in Westrail generally. Reasons for this may be found in an opinion expressed by Adam Koval. He believed the

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215Interview - Koval.
Accord, introduced by the Federal Government in the 1980s, had resulted in union branches and the rank and file losing the skill to organise in major industrial disputes. The process had made unions more centralised in their activities and decisionmaking, and weakened union activity at a local level: "People had to relearn how to organise a stoppage."²¹⁶

When the Government announced the closure decision on 28 April, the seven unions covering Workshops employees demanded it release the information on which it based its decision. They gave the Minister, Eric Charlton, an ultimatum to hand over the relevant key documents by 2 p.m. on Friday 30 April. If he failed to do so, they threatened to meet to consider an industrial campaign.²¹⁷ The Minister refused to provide anything other than a five-page document prepared by Westrail which purported to give a summary of information provided to Cabinet. They could not have the Cabinet submission which, he said, was confidential. The document outlined the situation as Westrail saw it:

- Productivity was low and there was a need for more workplace reform;
- Capital expenditure was not justified;
- The workload was reducing and there was not enough potential for outside work;
- The site was no longer suitable;
- Westrail was under constant pressure to reduce freight rates;
- The Manufacturing/engineering industry in the private sector had long complained about competition from the Workshops, "an enterprise that should not exist."

It also listed work which would be contracted out to the private sector or transferred to other Westrail depots, which it was claimed would result in annual savings of approximately $19 million.²¹⁸

²¹⁶ ibid.
²¹⁷ Peter Hooker and Malcolm Quekett, "Unions demand Workshop papers," The West Australian 30 April 1993: 3.
The unions rejected the document as lacking in detail on financial figures and other supporting evidence for the claims being made. General Secretary of the Locomotive Engine Drivers, Firemen’s and Cleaners’ Union, Des McPolin, argued that because of this it was impossible for people to counter or challenge the decision. Railway Officers’ Union Secretary, Tony Borger, said “Not even a banana republic would make such decisions on such flimsy evidence.” However, despite their earlier ultimatum, there was no proposal for industrial action. It appears at that stage they were more interested in seeking to enlist public support to try to achieve a reversal of the decision. Pamphlets on the Workshops were distributed at Midland shopping centres, a public meeting was arranged for the afternoon of Thursday 6 May at the Midland Town Hall, and a meeting of workers at the Workshops called for Monday 3 May.

The stop-work meeting at the Workshops on the Monday, attended by some 800 workers, while threatening a long campaign, still did not decide on strike action. Strikes were only going to be considered if all other avenues failed. The meeting again called for documentation to justify the Cabinet decision to be released by the Minister, which was again refused on the ground of confidentiality. Planned activities at that stage were to include media releases, letters, petitions, a video to be shown at shopping centres and the public rally to be held that Thursday - all political activities designed to gain public support.

Workers marched from the Workshops to the Town Hall meeting on the Thursday afternoon, anxious to make their feelings known to the politicians, and demanding some answers. The Minister for Transport refused to attend because of media presence. It was left to newly elected local Liberal Member for Swan Hills, June van de Klashorst, to

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represent the Government.\textsuperscript{222} It took an act of some courage for a new Member to stand before an angry crowd and try to defend such an unpopular decision. Former Westrail Chief Mechanical Engineer, Darrald McCaskill, told the meeting the Workshops closure was economic idiocy and poor management. “If there’s been no work for the Workshops,” he said, “that’s bad management.” Tony Cooke, Acting Secretary of the Trades and Labor Council, condemned the Government’s public sector reform agenda and called for union solidarity in opposing it.\textsuperscript{223} The meeting achieved little to satisfy the convenors. The only response from the Government was a threat from the Minister for Labour, Graham Kierath, that if unions disrupted Government services and revenue in protesting against the public sector reforms, it would consider bringing forward the closure date of the Midland Workshops and Robb Jetty Abattoir, whose demise had also been announced.\textsuperscript{224}

Midland workers made their feelings clear when the Commissioner of Railways, Jim Gill, addressed a meeting at the Workshops on 13th May. His assurances that their future in the rail industry would be secure were understandably greeted with scorn and derision in view of the betrayal they had already experienced from the Government. The Public Transport Union’s Divisional Secretary, Bob Christison, expressed the fear that “redeployed workers would be the victims of Westrail’s next cost-cutting measure.”\textsuperscript{225} Christison’s fears were to be realised following adoption by the Government two years later of policy to be known as \textit{The Right Track}. (See Chapter Five).

A protest by hundreds of workers from the Workshops occurred on 20 May, when they picketed nearby railway tracks for 24 hours to draw attention to their cause. They were still demanding the missing information to justify the closure. Once again, the demands were rejected by the Commissioner and the Minister, who continued to claim it

\textsuperscript{222}Simon Dowding, “Kierath threatens unions,” \textit{The West Australian} 7 May 1993: 7.
\textsuperscript{223}ibid.; “Accusations fly at meet,” \textit{The Reporter} 11 May 1993: 3.
\textsuperscript{224}Simon Dowding, “Kierath threatens unions.”
was confidential. As the workers' action had held up 17 freight trains, they were threatened with lay-offs if they continued their protest.226 The picket was called off.

Eight days later, another fruitless protest took place when 350 workers from the Workshops invaded Westrail's East Perth headquarters. Their persistent demand for information was again rejected by Commissioner Gill. Unions and workers were convinced the figures were flawed. If not, why was the Government refusing to release them? On the same day as this protest, Homeswest maintenance workers, whose jobs were also to be privatised, won the right in the W.A. Industrial Relations Commission to see a report containing financial details related to their case. Like Westrail, Homeswest had refused to make the report available before the Commission's ruling, despite repeated union requests.227 But this right continued to be denied to Westrail employees.

A publicity stunt was organised on 12 June when three busloads of Workshops employees travelled to Westrail's Forrestfield shunting yards in an attempt to physically drag a diesel locomotive back to the Workshops to be repaired. While they were prevented from doing so, they had made their point that this was their work and the Government was robbing them of it.228 Such an act revealed the growing desperation of Midland's workforce.

A group called Friends of the Railway threw its support behind the unions and fought the closure of the Workshops. Formed in the early 1980s to campaign for reinstatement of the Fremantle passenger rail line, closed by a previous Coalition Government, the organisation had gone on to lobby for electrification of the metropolitan passenger rail network. Its President since 1983 had been Darrald McCaskill, who had worked at the Workshops for some 40 years, finally as the Chief Mechanical Engineer in the 1970s, and a fierce opponent of their closure.229 Friends of the Railway organised a

228 “Big push to rescue Workshop,” Sunday Times 13 June 1993: 25
229 Interview - McCaskill.
public meeting on the closure of the Workshops, placed advertisements in the press and
lobbied Members of Parliament for support for a Judicial Inquiry into the Government’s
decision. This group and the unions sought legal opinion to explore the possibility of
challenging the Government in the Courts, in the latter case for breach of the Enterprise
Bargaining Agreement ratified in January 1993. However, while a glimmer of hope was
given in the advice obtained, no Court challenge was ever mounted.

The public meeting organised by Friends of the Railway, which took place in the
Midland Town Hall on 15 June, was attended by about 750 people, mainly those affected
by the closure. Also present were Members of Parliament from both sides of politics,
representatives of local Shires, and the Commissioner of Railways. On this occasion the
Minister for Transport, Eric Charlton, accepted an invitation to attend. His behaviour at
the meeting did little to assuage the ill feeling already in the community towards him or to
gain him respect as a Minister of the Crown. Admittedly he was heckled when he arrived
at the meeting, but instead of ignoring the demonstration of anger by people who were
legitimately frightened about their futures, his response was to give them “the two finger
salute.” The Minister’s gesture seemed to epitomise the attitude of the Government
not only to Westrail workers, but to many other public sector employees, whose jobs
would also be privatised. Thousands of these government workers, fearful of losing their
jobs under the new regime, joined people from the Midland Workshops in a protest rally
and march to Parliament House, organised by the Trades and Labor Council, on 17 June.
Again, most of the unions with members involved chose the less radical option of a
two-hour rally rather than a 24-hour strike.

230Friends of the Railway, Letter to Hon. R.F. Court, Premier, and all Members of
231Public Transport Union, Letter to W.A. Trades & Labor Council, 1 September 1993;
Dwyer Durack, Letter to Public Transport Union and other Unions, 1 June 1993.
232Julie Butler, “Rail closure workers jeer Minister,” The West Australian 16 June 1993:
12.
233Kevin Mountain - Interview by Stuart Reid: 72; The author is advised there is also
video evidence of this event.
Local Authorities in the area opposed the closure of the Workshops and protested to the Government. The Shires of Swan and Mundaring demanded that the Government release the report on which it based its decision. They also called for an urgent meeting with the Minister for Transport in the hope of reversing the decision.235

The Midland and District Chamber of Commerce, in a letter to the Minister for Transport on the day following the announcement, informed the Minister “The Government’s decision to act unilaterally without local and regional community consultation has brought significant adverse reaction from the business organisations in Midland, Mundaring and Kalamunda.” The Chamber protested that, in addition to the consequential disadvantages to the local business community, the other adverse effects would be “(a) the effect on employees’ families arising from redundancy of railway employees, (b) dispersal of traditional expertise and skills of the Workshops’ employees, being qualities accumulated over a number of decades; and (c) reduction of this State’s manufacturing and industrial base.”236

Absence of Supporting Documentation

While the Coalition Members of Parliament closed ranks and supported the Government’s decision, the Opposition Labor Party Members supported the unions’ campaign and strongly opposed the proposed closure of the Workshops. When Parliament sat in June 1993, Labor Members launched a concerted attack on the Government, with constant demands that the Minister table the documentation to justify the decision. It soon became apparent that there was no detailed documentation. Cabinet, it appeared, as evidenced below, had decided to close the Midland Workshops without calling for a report from Westrail providing supporting evidence for statements made in its recommendation. In the Legislative Council, Labor Transport Spokesman John Halden

led the attempt by the Labor Party to obtain detailed information behind the Government's decision. He asked the Minister for Transport:

(1) Will he confirm that prior to his decision to seek Cabinet approval to close the Midland Workshops he received no detail on a financial assessment of the impact of that closure on Westrail?

(2) If he received such a detailed assessment, who prepared it?

The Minister provided the following astounding reply:

(1) I did not receive any such advice prior to the decision.

(2) Not applicable.237

Halden put a supplementary question to the Minister:

If he received no advice before deciding to close the Midland Workshops, as he indicated in an earlier answer, and before presenting his decision to Cabinet, on what information was his decision based?

The Minister replied:

The Government's action was a consequence of a Cabinet submission which I had had prepared by Westrail. Cabinet made its decision on that basis.238

On 23 June, Halden attempted, by way of a motion in the Legislative Council, to force the Minister to present to Parliament all relevant documentation. He moved:

That Hon. E.J. Charlton, Minister for Transport, table in this House within two sitting days of the date of this order all reports, studies, advice and other documents that were considered by him prior to, or in the course of reaching his decision to close the Westrail Midland Workshops, including any report, study, advice or other document advising him or his Government against that course of action.239

In his speech, Halden pointed out that the Minister could not hide behind the

238 Ibid. 14.
argument that because a submission was presented to Cabinet it was confidential. He cited a recent High Court ruling which stated that it was only Cabinet deliberations that were confidential, not department submissions.240

The Minister opposed the motion, and, after previously repeatedly using confidentiality as grounds for not releasing the report submitted to Cabinet, made the incredible admission that there was no documentation. He told Parliament:

   I want to put the record straight . . . there are no documents. I am able to confirm that there are no documents . . . . First, I do not have any documents. Second, I did not ask for them. Third, they were not provided to me prior to the Government’s making a decision . . . . When Westrail came back with recommendations on a series of decisions including the closure of the Midland Workshops, that proposal was part of a plan put to Cabinet. There was no documentation whatsoever. I took the matter to Cabinet. It was Cabinet documentation on which the Government made a decision.241

The motion was defeated on Party lines, but during the course of the debate the Minister had admitted in the Parliament that no detailed cost analysis had ever been provided by Westrail or presented to Cabinet, showing the financial impact the closure of the Workshops would have on Westrail. As it could be argued that this should be an elementary prerequisite to such a far-reaching decision, the Government left itself open to the charge of being motivated more by economic rationalist ideology than economic imperative.

Subsequent Parliamentary and public questions and debate revealed the extent of the lack of detailed information available at the time to enable an accurate assessment of the situation. Frequent responses from the Minister or Westrail were either that they did not have the information or - a common Parliamentary tactic - were not prepared to devote resources to answering certain questions.

It became clear that the closure decision was made without a clear picture of where and by whom the Workshops work would be performed, or even if it could be done

240 ibid. 187.
241 ibid. 191-192.
within the State. The Minister told Parliament on 23 June that a task force was moving around the State to ascertain where the private sector had the potential to carry out Westrail maintenance work. He said:

The future of the Midland Workshops will be determined by those people who are employed by Westrail, who will be brought in to identify which activities should be carried out by the private sector and which by the people currently employed by Westrail in various organisations around the State - including metropolitan and country.242

So, two months after the Cabinet decision, nobody knew where the Workshops work would be performed, yet the summary sent to the unions by the Minister on 30 April specifically listed the alternative arrangements to be made for the support of the Westrail fleet and the depots involved.

In reply to a question by the Member for Floreat, Elizabeth Constable, in the Legislative Assembly on 7 July, as to who would do the work formerly performed at Midland and at what cost, the Minister representing the Minister for Transport said:

“Broadly, manufacturing work will be undertaken by the private sector and maintenance work by other Westrail depots. Cost estimates indicate that the cost will be lower than that incurred by Midland Workshops; detailed amounts are not available.” (Author’s emphasis). It was also conceded that it may be necessary for some of the work to be done outside Western Australia.243

Evidence continued to mount to support the argument that neither the Government nor Westrail really knew the true cost of production at the Workshops prior to the closure decision. In August 1994, five months after their closure, a Westrail spokesman was quoted in *The West Australian* as saying “it would not be clear until at least March whether work was done cheaper by the private sector.”244 Questions continued to be put to the Government, mainly by Labor Members, to enable a comparison of costings related

242 *ibid.* 197.
to work carried out by the private sector with that of the Midland Workshops. Following locomotive breakdowns and other incidents of faulty work performed by private companies, questions to the Government for statistics on such incidents before and after the closure, in the majority of cases, were met with the response that records of this nature were not kept. Questions on manufacturing and maintenance costs usually received the same response. Two examples of this were questions put to the Minister by Bob Thomas, Member for South Province. In the first he asked:

Further to question on notice 2648 of 17 May 1995 -

(1) What was the unit cost of reprofiling wheels at Midland Workshops in 1991-92 and 1992-93?

(2) What was the unit cost of reprofiling wheels at Forrestfield locomotive depot in 1991-92 and 1992-93?

Minister’s Answer:

(1)-(2). The cost of reprofiling wheels at the Midland Workshops and the Forrestfield locomotive depot from 1991 to 1993 is unknown. Westrail’s accounting system at that time did not provide unit costs for this activity.

In interviews with former Workshops employees, disbelief has been expressed about the accuracy of the answer given, in view of the introduction of the computerised production system in the 1980s. However, as the reprofiling of wheels on rolling stock was a major item of maintenance, if the Minister’s answer was correct, it underlines the case being argued by the opponents of the closure that the Government made its decision in the absence of essential facts and figures.

The other question asked by Thomas, which provides further support for this case, sought information on the unit cost of junction rails being manufactured for Westrail by a

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247 Interviews - Fiala, Mountain.
248 In the 1992/93 financial year, 1,491 wheel sets were reprofiled at Midland and 988 at Forrestfield (W.A.P.D. 9 December 1994: 9568).
private contractor, to which the Minister replied: $345 each. Thomas then asked “What was the unit cost of similar rails produced by Midland Workshops?” He was told by the Minister “There are no records available which would provide this information.”

As it became clear during 1993 that the Government was not going to willingly provide answers to either Parliament or the public, John Halden moved in the Legislative Council for the appointment of a Select Committee to seek the facts and establish whether there was any justification for the closure. Such a committee would have the power to call persons before it and demand the presentation of relevant documents. The motion for the Select Committee was defeated on Party lines with Labor Members and Greens M.L.C., Jim Scott, supporting and Coalition Members opposing.

One of those opposing the motion was Derek Tomlinson, whose electorate of East Metropolitan Province included the Midland Workshops. Tomlinson, one of the Liberal Members for the area, had been embarrassed by his lack of foreknowledge of the closure decision. During the course of earlier debate in the Legislative Council, he attacked the former Labor Transport Minister, Pam Beggs, accusing her of concealing advice given to her by Westrail senior management late in 1992 that the Workshops must be closed. The following day, John Halden informed the House that Mrs Beggs, who was no longer in Parliament, had strongly denied Tomlinson’s accusation. Beggs had advised Halden a meeting had taken place between Barry Henshaw, Dr. Gill and John Sutton from Westrail, her adviser and herself. At that meeting there was no suggestion that the Workshops be closed. Henshaw had suggested they should be further downsized, to which she had responded angrily, because it seemed his solution for making the establishment viable was limited to further reducing the number of employees. Beggs, who was interviewed for this paper, stated quite unequivocally that Westrail had not come to the Labor

\[249^W.A.P.D., 27 September 1995: 8653-4.\]
\[250^W.A.P.D., 4 August 1993: 1770-1779.\]
\[251^ibid.: 1798.\]
\[252^W.A.P.D., 23 June 1993: 223.\]
\[253^W.A.P.D., 24 June 1993: 398.\]
Government with a recommendation that the Workshops be closed. She also insisted that Government had not contemplated such an act, pointing out it had agreed to spend $27 million to upgrade the Workshops. Supporting evidence for this commitment by the previous Government to outlay the $27 million on the Workshops is provided by the Minister who succeeded her, Eric Charlton, in his letter to Rail Unions of 30 April 1993.

One of the reasons given by Westrail and the Government to justify the closure was the lack of potential for outside work. During the community debate on the closure decision, doubts were raised about the validity of this claim. It was suggested that by failing to introduce a proper marketing programme Westrail had not maximised the Midland Workshops business opportunities. At the public meeting held at the Midland Town Hall on 6 May, it was claimed by a Workshops employee that the Commissioner of Railways had, during the term of the previous Government, publicly admitted that Westrail did not have a marketing strategy for the Workshops. It was further stated that he had been asked by then Premier, Carmen Lawrence, if he was going ahead with a marketing strategy for the Workshops, and his reply was that they “hadn’t got round to it.” Lawrence, who was present at the Midland meeting, confirmed the remarks had been made and said she believed “the Workshops had been starved of work.” If that was so, the question must be asked: why did the previous Government not take action to correct this?

A report in the early 1990s by consultant, The Rowland Company, found among other things a lack of marketing intelligence and marketing skills at Midland Workshops. This opinion echoed that expressed by Jacobson in 1990, who found a major weakness in the lack of marketing and customer services at the Workshops. He had identified a large local market for the products and services in which Midland specialised which, he claimed, was not being adequately serviced. (See Chapter Three). In 1993, the

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254 Interview - Beggs.
Jacana Workshop Study forecast a significant increase in domestic demand for both manufacture and maintenance of rolling stock over the ensuing ten years. The consultant also saw “particularly good prospects for export orders.”

Unlike Western Australia, Queensland and New South Wales took advantage of this, retained their public workshops, and, according to Jacana, demonstrated they could compete effectively with the private sector for business.

There is no evidence that Westrail or the Government seriously pursued other options than the decision taken to close the Workshops. The author undertook a survey of rail systems in other mainland Australian States and twelve other countries to explore these options. (See Appendix C). Due to time and other limitations related to this study, a detailed comparative analysis cannot be made. However, the information collated from the replies and contained in the Appendix demonstrates that many successful railway systems throughout the world continue to be publicly owned and run, including in New South Wales and Queensland. It also reveals that workshops are an integral part of all of these systems and regarded as providing distinct advantages to their respective organisations.

The Government, it seems, was determined to follow a course of action which reflected its agenda on the public sector to “cut down the size of government.” Despite the fact that it revealed it did not have detailed financial and other information; that there had been no careful planning or wider consultation to endorse the closure; no alternatives had apparently been seriously pursued; and there was widespread opposition to the closure, the Government was not prepared to entertain any suggestion that its plan may be ill-considered, and refused to review its decision. Preparation therefore went ahead for

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258 Jacana xxiii.
259 ibid. xv; Also see Appendix C for evidence of this.
260 Malcolm Quekett et al., “We may swing axe wider, warns Court,” *The West Australian* 5 May 1993: 7.
the relocation of the work and the redeployment of those employees who rejected voluntary redundancy.

Tributes were paid to the workers for the manner in which they performed their duties, so that contracts could be met before the closure. According to Westrail's 1994 Annual Report it was a credit to them. In a Christmas message in December 1993, Hugh Smith, Acting General Manager of the Workshops, expressed appreciation to all employees for the “dignified manner” in which they had dealt with all the circumstances, and thanked them for their “tremendous efforts in completing commitments.” Adam Koval praised both workers and management on the effort put in during the final days:

They made sure that anything that they were required to produce got produced, even though they knew the decision was irreversible. But it’s always been the way; if you get a contract, if you get an order, it’s got to be produced in a certain time, and people move heaven and earth to do it. It was always the case, if anything it was even more so the case during that particular time. The fight wasn’t with Midland management, so it was really still a team effort to say okay we’ve got to finish off these wagons and we’ll get them done before the end of the time. It was an absolute credit to the people. There was a lot of pride amongst managers, supervisors and tradesmen, and they were able to rise to the occasion right up to the end.

At 9 a.m. on Friday 4 March 1994, those workers who still remained at the establishment gathered at the traditional Workshops meeting site, the flagpole. Hugh Smith thanked everyone present, wished them well, and in a symbolic ceremony invited popular employee Kevin Mountain to lower the flag for the last time. As Kevin Mountain lowered the flag, he not only brought to an end his own 42-year career at the Midland Workshops, but 90 years of important West Australian history.

263 Interview - Koval.
264 Kevin Mountain - interview by Reid; Zoltan Kovacs, “Last crossing for ‘Mr Railways’,” The West Australian 5 March 1994: 3.
CHAPTER FIVE

A HUMAN DIMENSION TO POLITICAL/ECONOMIC DECISIONS

This Chapter identifies and analyses the social and economic implications of the closure on the workforce at Midland Workshops. The information collected during the research is tested against the literature on the complex human effects of redundancy and unemployment.

Pride, Security and Belonging

The Midland Workshops, since their establishment in 1904, had been the central most important factor in the social and economic well-being of thousands of West Australians. Despite the Dickensian working conditions right up to the 1980s; despite the divisions caused by the “them and us” culture between management and the workers and their unions, there was something about the place that instilled pride and a feeling of security and belonging.

The Workshops could be described as a microcosm of society. There were people of all ages, nationalities and vocations. There were skilled tradespersons still representing eighteen trades in the 1980s, trades assistants, labourers, supervisors, engineers, planners and schedulers, chemists, managers and office workers, cleaners, storepersons, drafting officers and occupational health nurses. Among these people were some with a disability, because it was accepted Government and W.A.G.R. Commission policy down through the years to offer employment to those with special needs.

In many West Australian families, there was a continuum of employment at the Midland Workshops from one generation to the next. In one case an interviewee, “Peter”, had worked at Midland for 17 years, his father for 35 years and his grandfather for 30 years.

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266 Interviews - Fiala, Smith, McCaskill.
267 Interview - “Peter.”
Apprenticeships

Probably the most valuable employment opportunities offered by the Midland Workshops were the apprenticeships. As many as five-hundred apprentices were employed at the Workshops in 1982.268 This figure was progressively reduced to ninety in 1993.269 Over the years Westrail would cease training apprentices altogether.270 Apprenticeships were eagerly sought by boys and, later, some girls in the knowledge that training received at the Workshops was broadly based and respected by the community. When the closure was announced, a young eighteen-year-old woman in the second year of her apprenticeship as an electrical fitter expressed disappointment that she would not be able to realise her lifelong ambition to receive the best training. "You get a whole cross section of training at the Workshops that you don’t get anywhere else in industry," she said.271

Joe Fiala remembered his days as an apprentice there:

You would not get better training anywhere. It was a terrific place to learn. When I did my apprenticeship, all the apprentices did intensive training for the first three months where they were shown a cross-section of trades across the board. So, I did my apprenticeship in mechanical fitting, but in intensive training I did sheet metal work, I did automotive, I did woodworking, I did foundry... it was a really valuable experience. Also Westrail had the procedure of every three months shifting you around the Workshops so you got to work in different Workshops, different sections, picked up different skills. So really the training that was given was second to none, and as a result of the closure, of course, that’s all been lost... Westrail apprentices were held in pretty high esteem because of the skills that they acquired in there and that’s all gone now. That’s all gone.272

270 The total number of apprentices in training in Government departments and agencies in W.A. dropped from 862 in 1993 to 68 in 1999 with none being trained by Westrail in 1999. (W.A.P.D. 21 December 1999: 4384).
271 "Their future is looking bleak," The Midland Reporter 4 May 1993: 2
272 Interview - Fiala.
Mike Sales, who also trained as a mechanical fitter, agreed with Fiala that the training was excellent. In addition to the formal training, there was also a certain discipline imparted by the supervisors and other tradespersons to the apprentices. They used to “keep them in line,” but at the same time they used to “look out for them” if they were in trouble.273

“Peter”, too, spoke of the relationship between the tradespersons and the young apprentices:

They were like their own sons ... and even now it’s absolutely amazing. Since the Workshops shut, through us just going out on the weekend and seeing people, a lot of the young ones still see the older generation who had been at Westrail, and the respect still stands, the acknowledgement to the older people, the courtesy, the whole bit still there.274

Jim Ireland, another who trained as a mechanical fitter, praised the apprenticeship training provided at the Workshops, which he said resulted in quality work. His company, Gemco Rail, was keen to employ former Workshops employees.275

**Prominent People**

The Workshops not only produced tradespersons and other skilled people, but they were the training ground for many who would go on to become prominent in various areas of society. These included numerous Trade Union leaders, the first Secretary of the Trades and Labor Council and later Federal Commissioner for Conciliation and Arbitration, Jim Coleman, and a well known inventor, Ralph Sarich, who began work as a turner in the Machine Shop. Among those who became Members of Parliament were Ron Davies, (Labor M.L.A.), a railway officer, who held a number of Ministerial portfolios and became Leader of the State Parliamentary Labor Party, and Jim Hegney, (Labor M.L.A.), a boilermaker, who became Speaker of the Legislative Assembly. 276

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273 Interview - Sales.
274 Interview - “Peter”.
275 Interview - Ireland.
276 Interview - Koval; Personal communication with Hon. Ron Davies and Mrs. Francine.
The Social Milieu and Camaraderie

While the economic security provided by employment at the Midland Workshops was important to the workforce, so was the social milieu. In any large establishment there are obviously some human relationship problems, and Midland certainly had these. In addition to the friction caused by “the culture” dealt with in Chapter Two, there was also the odd conflict between workers. But there is strong anecdotal evidence to show that the environment at the Workshops offered special social advantages that were lost when the establishment was closed. Down through the years, the social clubs or Canteen Committee organised social outings for families such as picnics, barbecues, Christmas parties, dances and other entertainment. Sporting activities included cricket, basketball, soccer, football, bowls and table tennis. Other activities which brought railway workers together were organised by the Railways Institute. While many of the social clubs wound down in the 1980s, there were still a number in existence both in the Shops and the Office at the time of the closure with regular events being arranged. What did remain a significant phenomenon up to the closure was the camaraderie between the workers. Darrald McCaskill remembered from his time at the Workshops:

There’s always been a good atmosphere between Midland workers. I don’t know why, but they seemed to stick together and help each other.

“Peter” spoke of the concern if someone was injured or absent for some other reason due to misfortune. Workmates would visit that person and help the family. He also remembered an incident where an apprentice became homeless because of trouble at home, and people were bringing in food for him.

277 This has been attributed in part to the change in payment of wages from cash to bank accounts (Interview - Perejuan).
278 Interviews - Fiala, Hicks, Sales, “Peter”, Mountain, Perejuan.
279 Interview - McCaskill.
280 Interview - “Peter.”
Kevin Mountain, who worked in the Office, felt the people in the Workshops were like a family to him. Not married himself, he had enjoyed a special camaraderie with fellow workers throughout the Shops and was welcomed into their homes and attended their weddings.281

Mike Sales also described the Workshops social environment as being like a family:

It was almost like a family there. You know, people used to laugh, they used to joke, as well as doing their job; and there was support there as well. If you had a problem, you could talk about it with your workmates, and they gave you some support . . . If you had personal problems, you could go and see counsellors as well. So everyday items that may be bothering you, you could talk it over. It was the routine of going to work as well with your mates and also it's having a purpose in life.282

Voluntary Redundancy or Redeployment

When all hopes of saving the Workshops finally faded, the 750 employees at Midland whose jobs would become redundant were forced to choose one of the two options presented to them by the Government: apply for redeployment or accept voluntary redundancy. The voluntary redundancy package offered consisted of two weeks pay for every year of service to a maximum of forty-five weeks, plus an additional twelve weeks pay. For those who did not wish to accept redundancy, a task force was set up to help in redeployment training or job application assistance.283

When the Workshops closed on 4 March 1994, 470 employees had taken the voluntary severance package and 254 were redeployed within Westrail.284 In addition, a total of 39 Westrail employees redeployed to other Government departments included about 30 former Workshops people.285 According to Sales, who was appointed to the

281Mountain interview by Reid: 75.
282Interview - Sales.
285ibid.
Office of Redeployment as one of Westrail's representatives at the time, it was an extremely difficult task. There was considerable resistance from these departments to placing Westrail employees in jobs often mapped out for somebody else. He also expressed the view that many of those who accepted redundancy only did so because they lacked confidence in being placed in government jobs on a permanent basis. Had they accepted redeployment and later lost that job through resignation or forced redundancy, they would have forfeited the special severance package being offered to them. The sweeping privatisation policies implemented by the Coalition Government from its election to office in 1993 and the evisceration of the Westrail workforce that would follow The Right Track programme to be introduced in 1995 provided justification for the workers' fears.

It has not been possible to establish the full social and economic effects of the closure on all former employees of the Midland Workshops. However, information gained from interviews, the press, Parliamentary debates and a survey conducted by the author by way of a questionnaire has enabled a picture to be drawn of the way in which a significant number of lives have been affected by this event.

The questionnaire and an analysis of the responses will be dealt with later in this chapter.

The Social and Economic Implications

From the data gathered, it would appear the social and economic implications were unfavourable for the majority of the Midland Workshops workforce. There were some success stories, but these were in the minority. One of these was Jim Ireland, who, after the initial shock of the closure, became a successful businessman with his company Gemco Rail turning over $10 million a year in business. Examples of others who became self-employed were Greg Perejuan and Mike Sales. Both became small

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286 Interview - Sales.
287 See page 67.
288 Interview - Ireland.
businessmen, but it was not easy. Perejuan described the experience for him and his family as financially disastrous and "a constant struggle for six years." Life was also a challenge for Sales, who, like many former Workshops employees, experienced great psychological trauma for some time after the closure. Another person who used his redundancy package to set up a business was Brad Bedford. As an employee at Midland, Bedford had been successfully promoting the Workshops and obtaining outside work for the Electroplating Shop when he was stopped by senior management. (This was dealt with in Chapter Two). His awareness of the demand for this work led him to establish his own business.

Some employees obtained good jobs through redeployment, others in the private sector. Interviewees agreed that only a small number of former employees were successfully redeployed. These were mainly middle to top management, white collar workers and some tradespersons. Others, who found jobs outside of government, included experienced tradespersons sought by private companies taking on Westrail work.

For many of the redeployees, the whole exercise was described as humiliating. Examples were given of highly skilled tradespersons being placed in soul-destroying situations. Perejuan told of one particular case:

A classic example of that, which makes me really angry, was a machinist I know, Nigel. Now Nigel could operate the crankshaft grinder, and without a doubt it's the most complicated machine to operate. The machine is the length of the house and to operate that machine it takes the highest amount of skill a machinist could attain, because you are working within a quarter of a thousandth of a thou., you know, microns, and if you made one mistake you could destroy a $20,000 crankshaft - just a little bit of a mistake. Now, this top tradesman, for redeployment, ended up cleaning out carriages.

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289 Interview - Perejuan.
290 Interview - Sales.
292 Interviews - Perejuan, Hicks, Ireland, Mountain, Fiala.
293 Interview - Perejuan.
Kevin Mountain remembered a wagon inspector, considered a responsible position, who was redeployed to the Westrail Telecommunications Branch at Kwinana, where he was told his job would be to manually dig holes for telephone cables. That would last for three months, when he would be transferred to Toodyay for the same work. "After that they didn't know where they'd put him . . . He told them where they could put that and came back to the Workshops and took redundancy."\(^{294}\)

Other examples were given in Parliament. Derek Tomlinson spoke of a skilled tradesman who was put on "Mickey Mouse" courses, which led to nothing. He was offered redeployment as a cleaner.\(^{295}\) Carmen Lawrence drew attention to the case of a highly skilled metal worker, who was offered redeployment as a gardener, which she described as "economically and socially stupid and very hurtful to be told that his skills are no longer needed."\(^{296}\)

There was other anecdotal evidence of poor treatment of workers where they were deployed to branches or depots where they were not needed or wanted:

- A person redeployed to the Westrail Centre in East Perth where he was "sent to Coventry," and had a nervous breakdown.\(^{297}\)

- A person redeployed to Telecommunications, Signals and Communication Branch at Forrestfield, who was told to just sit in the corner and do nothing because he was from the Workshops. He decided to take redundancy.\(^{298}\)

- A person given a job which had had an acting incumbent for four years. The redeployee was told "Well you've got the job, you find your own

\(^{294}\)Interview - Mountain.
\(^{295}\)WA.P.D., 23 June 1993: 220.
\(^{296}\)ibid. 311.
\(^{297}\)Interview - Mountain.
\(^{298}\)ibid.
way how to do it. I’m not telling you how to do it.”

- Tradespersons transferred to a shed in Forrestfield that had just been starved of work, and not given anything to do.

- Skilled men being given degrading jobs or kept “sitting on their bottoms doing nothing” in sheds in East Perth to make them leave when they could not stand it any longer.

False Promises

Many of those who accepted redeployment because of the job security they believed came with it were to be seriously disappointed. The Minister for Transport, Eric Charlton, in a Christmas message in December 1993, told them that because of the decisions made in 1993 Westrail and its workforce could be assured of a secure future. The Commissioner, Jim Gill, reinforced the Minister’s message four months later and a month after the Workshops closure, when he denied a Department of Transport report suggesting up to 340 Westrail jobs could be lost as a result of deregulation of major bulks. The report was wrong and outdated, he said, and no further major staff reductions were planned. He went on to claim Westrail matched the world’s most efficient railway, America’s Burlington Northern, and that the Industry Commission in Canberra “rated Westrail as Australia’s most efficient railway.” Praise from the Industry Commission, a neoliberal authority which advocated economic rationalist policy, did not necessarily mean Westrail’s decisions to that time were right. However, it demonstrated that further downsizing of the organisation was not considered necessary. Despite this,

\[299\] ibid.

\[300\] Interview - Fiala.

\[301\] Interview - McCaskill.


\[304\] Stephen Bell, Ungoverning the economy (Melbourne: Oxford University Press, 1997): 216; The Industry Commission is now called the Productivity Commission.
within a year of the Commissioner’s statement and only fourteen months after the closure of the Workshops, the Minister for Transport, on 9 May 1995, announced a new Government strategy for Westrail called *Westrail On the Right Track*. *The modernisation of Westrail* (subsequently referred to as "*Right Track*".) Under this policy it was proposed, over a three year period, to cut the Westrail workforce of 3303 by 1345 positions - 465 in the country and 880 in the city - and to contract out the work associated with these jobs to the private sector. A number of city and country depots were to close including the Supply Branch which had moved from Midland to the Forrestfield site only a year before.\(^{305}\)

Once again, the workers felt betrayed. Having gone through the trauma once in 1993, those redeployed to jobs that were now to disappear through privatisation faced more upheaval in their lives.

For many former employees who attempted to find jobs in private industry, the challenge proved very difficult. This was particularly so for semi or unskilled workers, the older age group and people with disabilities, which meant that for a lot of people their only source of income was unemployment benefit or a disability pension.\(^{306}\) As a result, there was a drop in their income and this caused severe financial problems for some people, especially those with housing mortgages.\(^{307}\)

The psychological trauma caused by the Workshops closure was widespread throughout the workforce. In addition to the financial problems suffered by many former workers, the loss of the mutual social support formerly enjoyed by them, the insecurity about their future and the the loss of self esteem led to some tragic consequences. These included mental and physical ill health, marriage breakdown and, the most serious reported by interviewees, the suicides of two men.\(^{308}\)

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\(^{307}\) Interviews - Sales, Perejuan.

\(^{308}\) Interviews - Fiala, Koval, Hicks, Mountain, Sales, Ireland.
Greg Perejuan spoke of a case of a close friend who committed suicide when unemployment led to financial problems which, in turn, resulted in depression and ultimately family disintegration: "The happiest part of his life was in the Workshops. When he died he was forty-seven. He was a heavy duty electrical fitter." \[309\]

Adam Koval told the story of an electrician friend who suffered a mental breakdown and who spent six weeks in hospital:

> You would never have imagined it. He was one of the most level-headed guys, wife, two kids. He had a breakdown. Eventually he got over it, but you never knew, you could never tell how people were taking it. Unfortunately there were people there who were taking it very badly. \[310\]

Other people were hospitalised because of mental illness. In one case a man in his fifties was admitted to Graylands Hospital with severe depression and in a suicidal state. A welder by trade, he owned his own home and did not have any financial problems. However, he had never married and lived by himself. His job at the Workshops of many years gave him both a sense of identity and a family. When he lost these through the closure, he felt he had nothing to live for. \[311\]

Irrespective of the position occupied by employees of the Midland Workshops, there was a great deal of sadness experienced at the demise of the institution. This is characterised by Jim Ireland's comment in the interview conducted by the author. Even though he supported the decision to close the Workshops and has become a successful businessman because of it, he still felt an emotional attachment to the place. He described his feelings when he visited the Workshops to pick up material when he established the business he now owns:

> I used to choke up going back in there to see the place in the state it was in with weeds blowing down between the Shops, neglected and derelict. I couldn't go in there in the end. I physically had trouble

\[309\] Interview - Perejuan.
\[310\] Interview - Koval.
\[311\] "David", a former patient of Graylands Hospital, Personal communication to author.
going in there and looking at what used to be.\textsuperscript{312}

\textbf{The Questionnaire}

The information supplied by way of interviews, the press and Parliament was reinforced by the responses to the Questionnaire. A total of 270 former Workshops employees were invited by the author to complete a questionnaire on their experiences as a result of the closure. Of these there were 92 valid replies. A detailed analysis of the responses is contained in Appendix B.

\textbf{Methodology and Limitations}

A postal survey was undertaken of former Workshops employees by way of a questionnaire. The purpose was to attempt to reach a large sample of people to obtain a comprehensive human perspective on the effects of the closure.

The study was limited by access to names and addresses of the people concerned. As these were not available from Westrail or the Battye Library archives, the relevant Unions were approached for assistance. This was readily given by the blue collar Unions, namely the Public Transport Union, the Australian Manufacturing Workers' Union, and the Communications, Electrical and Plumbing Union, but due to the passage of time these records were incomplete and dated. As union records of white collar staff were not available, a survey of these employees was limited to names and addresses supplied by former office staff from Midland. The sample may therefore be biased in favour of employees whose union had the best records, namely the Public Transport Union.

Additional names were obtained from the Australian Society for the Study of Labour History which compiled a list from a visitors' day at the Midland Workshops site in March 1999, organised by the Society. After detailed checking of the Electoral Roll to verify the accuracy of addresses, the total number to be surveyed was reduced to 270.

On 30 October 1999, questionnaires were posted to 270 former employees of the Workshops with a reply date of 30 November 1999. To encourage the maximum

\textsuperscript{312}Interview - Ireland.
response, each questionnaire was accompanied by an individually addressed and signed letter and a stamped addressed envelope.

The total number returned was 104. Twelve of these were invalid due to lack of details or "address unknown." Of the remainder, 30 of the respondents had chosen redeployment and 57 redundancy. In addition there were 5 apprentices who had transferred to other jobs to complete their training.

**Analysis of the Data**

At the time of the survey, of the 30 who chose redeployment, 15 were still in Government employment, 9 of these were still in the same position or a higher one and 6 had changed to other positions, mainly due to the job they were given also becoming redundant through privatisation. All of those still in Government employment were either white collar employees or tradespersons. None came within the category of "semi-skilled" or "labourer." Fifteen of the redeployees had left Government employment. Among the reasons given by those who had left were: job privatised and made redundant, job degrading (from tradesman to cleaner or labourer), work too physically hard (an older worker with 32 years experience put on a bitumen gang), and some private reasons. Ten of the 15 obtained jobs in private industry.

At the time of the survey, of the 57 Workshops employees who had taken the redundancy package, 15 were employed in the private sector and 2 self-employed. The remainder were either retired or unemployed.

Of the 5 apprentices, 4 were in private employment and 1 with Westrail.

Therefore, from a total of 92 valid responses, there were

- 45 not employed
- 29 employed in private sector
- 16 employed by the Government
- 2 self-employed.

While it cannot be claimed to be an accurate reflection of the total final Midland Workshops redeployment and redundancy figures, it is argued that a sample of 92 does provide the basis for assessing the effects of the closure on a significant number of people.
The data show that in redeployment white collar workers seemed to fare better than tradespersons. Office workers were redeployed to similar jobs to the ones they were performing at Midland, or even better. While this applied to some tradespersons, the majority were placed in inferior positions, which did not use the skills they had developed over many years. Some examples of this were:

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Years Experience</th>
<th>Job Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Painter</td>
<td>16</td>
<td>suburban rail attendant (cleaner)</td>
</tr>
<tr>
<td>Painter, Signwriter and decorator</td>
<td>35</td>
<td>labourer</td>
</tr>
<tr>
<td>Car and Wagon builder</td>
<td>18</td>
<td>cleaner</td>
</tr>
<tr>
<td>Boilermaker/welder</td>
<td>21</td>
<td>suburban rail attendant (cleaner)</td>
</tr>
<tr>
<td>Moulder</td>
<td>26</td>
<td>labourer</td>
</tr>
<tr>
<td>Workshops Production Employee</td>
<td>32</td>
<td>bitumen gang</td>
</tr>
<tr>
<td>Coach Trimmer</td>
<td>26</td>
<td>cleaner</td>
</tr>
<tr>
<td>Moulder</td>
<td>28</td>
<td>suburban rail attendant (cleaner)</td>
</tr>
</tbody>
</table>

The majority of the respondents had worked at the Workshops for many years. Excluding the 5 apprentices, only 6 of the other 87 had been there for ten years or less:

<table>
<thead>
<tr>
<th>Years</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-10</td>
<td>6</td>
</tr>
<tr>
<td>11-20</td>
<td>39</td>
</tr>
<tr>
<td>21-30</td>
<td>19</td>
</tr>
<tr>
<td>31-40</td>
<td>12</td>
</tr>
<tr>
<td>41-48</td>
<td>11</td>
</tr>
</tbody>
</table>

Many of these employees had begun as apprentices or junior workers and remained there through their adult life. An explanation for this may be seen in some of the respondents' comments, which indicated the importance of job security, the strong social bonds between employees, and job satisfaction.

The responses provided supporting evidence for the information obtained from the interviews and the press in respect to the unconscionable treatment of many of the Workshops employees who chose redeployment. There were numerous accounts of
workers who had accepted redeployment, many to inferior positions to those held by them over a long period of time, mainly because they believed it offered them some long-term security and the ability to hang on to their superannuation, only later to find the job they were given became redundant due to privatisation. It is demonstrated, too, that voluntary redundancy, despite a generous severance package, can also lead to economic and social disruption when the person is considerably below retiring age and unable to obtain employment in the private sector.

The experiences of the Midland Workshops employees as a result of the closure of the Workshops validate the global research reported in literature on voluntary redundancy and unemployment.

A report of a 1994 inquiry into voluntary redundancy by Coombs pointed to the gap in information on this issue. Coombs found the lack of research and information on voluntary redundancy and its sociological implications disturbing, particularly in view of the magnitude of the downsizing of the workforce that had been occurring since the 1980s. However her research helped to reduce the gap. Her study demonstrated that, for the overwhelming majority of respondents their lives had changed for the worse because of loss of income, loss of self esteem, strain on marriage and less control of their destiny. She called for greater research into the sociological effects of early retirement without adequate planning or financial resources.313

The data concerning the Midland Workshops employees showed that many who took voluntary redundancy suffered because of unexpected early termination of their employment not instigated by them. This included both psychological trauma and financial impoverishment due to unemployment.

There was a great deal of research into the effect of unemployment on workers in the 1980s, but there has been less since then. There has, it seems, been greater focus in recent times on the management perspective and problems associated with downsizing a

313 Carolyn Coombs, The sociological implications of voluntary redundancy. The South Australian experience (Adelaide: Faculty of Nursing, University of South Australia, c.1996) 35, 57.
workforce. This may indicate a development in the 1990s of a growing acceptance of economic rationalist ideology and less concern about the social consequences of such policy.

The 1987 work edited by Fryer and Ullah\textsuperscript{314} provides some compelling articles on social and psychological perspectives related to unemployed people. In one of these, Jackson and Walsh deal with the destructive effect of unemployment on the family. Although families vary in their size and structure, the authors claim the effects of unemployment can be universally devastating through financial disruption and disorganisation of the family social system. They also point to problems associated with the loss of the former social relationship with workmates. Once this social contact is broken, many unemployed become socially isolated.\textsuperscript{315} Liem and Liem\textsuperscript{316} cite Furstenberg’s (1974) characterisation of employment as “providing the infrastructure of the family system.” Jahoda\textsuperscript{317} sees employment as an important factor in enlargement of social experience outside the emotionally charged family milieu. In addition, she argues it enables participation in a collective purpose and provides status and identity. A three-year longitudinal study of workers in two Danish shipyards found a pronounced relationship between psychological well-being and employment status, with the psychological well-being of unemployed people being significantly lower than that of employed people.\textsuperscript{318} A large-scale survey of women in the U.S.A. (Nathanson, 1980) cited in Jahoda\textsuperscript{319} identified employment as providing self esteem and social support.


\textsuperscript{319}Jahoda, 52.
The Canadian Public Health Association (CPHA), in a 1996 discussion paper, reviewed literature on the association between unemployment and health outcomes.\textsuperscript{320} The literature showed the importance of paid work or having a regular job as an economic and social determinant of people's health. A factor in this was the degree of sense of control or job satisfaction experienced by the employee concerned. In addition to providing an income, employment also provided "a sense of regularity, purpose and identity; social status and social connectedness ('belonging'); and opportunities for personal development and growth. For some, it offers creativity and self-realization."\textsuperscript{321} On the other hand, there was a distinct relationship between acute job loss or chronic unemployment and the manifestation of physical and mental disorders to the extent of being life-threatening. CPHA cite the editor of the British Medical Journal, who commented in 1991 that "the evidence that unemployment kills - particularly the middle aged - now verges on the irrefutable."\textsuperscript{322}

The two most commonly studied causes of death in the papers reviewed by CPHA were cardiovascular disease and suicide. Included in the studies of the association between unemployment and heart disease mortality was that of Bunne (1979), who found evidence in Australia of a positive correlation.\textsuperscript{323} Also cited was the Franks et al. (1991) London research into deaths from strokes. They found, after taking into account other socioeconomic factors, the male mortality rate from strokes "was strongly correlated with unemployment."\textsuperscript{324} In respect to suicide, CPHA quotes Platt's (1984) review of ninety-five studies published from 1953 to 1982, most of which found "significantly more of those who committed or attempted suicide had been unemployed compared to non suicides.\textsuperscript{325}

\textsuperscript{321}ibid. 1.
\textsuperscript{322}ibid. 3.
\textsuperscript{323}ibid. 4.
\textsuperscript{324}ibid.
\textsuperscript{325}ibid. 5
Studies of factory closures or retrenchment provide similar examples to the experience of Midland Workshops employees. In 1989 Grayson published his longitudinal study of four hundred former employees of Canadian General Electric’s (CCE) Toronto branch plant, which closed in 1984. To a large extent, a parallel could be found with Midland in that the workers comprised a stable workforce, were highly skilled and were mostly male. The research showed that up to twenty-seven months after the closure both the workers and their spouses experienced considerable trauma: “half still ranked the stress as greater than or equal to divorce.”326

In an Australian study of the effect of retrenchment on mainly blue collar immigrant workers, Pearce, Bertone and Stephens327 cite Wooden (1988), who discussed the problems of older workers in gaining re-employment. These workers found it more difficult due to employers’ perception related to age, difficulty in retraining and lack of geographic mobility. Less skilled and less educated people also found it harder to obtain new jobs, and length of service with an employer was another significant factor. Workers with more than ten years service were at a disadvantage because of “their more job-specific skills, lack of recent job search experience and greater shock after retrenchment.” All of these factors closely resemble the situation of many of the Midland Workshops employees.

Marmot, renowned for his longitudinal study of 10,000 British Civil Servants, claims job security is a factor which affects health, well-being and job satisfaction. During his study, he was able to compare the health of employees of a Government Department before and after they learned through the press that it was to be privatised. From anticipation of job loss to actual unemployment there was a marked progressive deterioration in health.328 The Marmot study led Syme, who pioneered research into

326 *ibid.* 7
psycho-social influence on health, to conclude that the most important factor determining health and well-being was control of one's destiny. Social support was essential to this because it enabled people to talk through life's challenges with others and obtain advice and support. This instilled confidence in handling these challenges and solving problems.329

This could be the key to the reported psychological trauma and social loss suffered by Midland Workshops employees due to the closure. The data show that workers at Midland, on the whole, enjoyed mutual social support, some describing it as being like a family. There were colleagues with whom to discuss their problems, to joke with, to provide various forms of support, and to join in social activity. There was a feeling of belonging or "connectedness". Worker solidarity and union backing added to the sense of some control against perceived management injustice. The experiment with the Employees' Participation Programme, which gave a degree of autonomy to the groups who participated, proved that this kind of worker empowerment can lead to increased job satisfaction, less absenteeism and innovation.330 There was pride in the Workshops and the work performed there. The feeling that they had a "job for life" allowed workers to plan for the future and for their retirement at a time of their choosing.

All these factors resulted in job satisfaction and a sense of security for the majority of Midland Workshops employees. To be robbed of this control over their lives and the social support they had enjoyed, for a large number over several decades, the result for many was psychologically, financially and socially devastating.


330See Chapter Two.
CONCLUSION

The aim of this thesis was to identify and analyse the complex social, economic and political issues surrounding the closure of the Midland Workshops. A theoretical assumption underlying the thesis was that economic rationalism played a significant role in the closure. A study of the history and development of this ideology revealed its inexorable progress in Australia and its influence on governments in their dealings with the public sector, including Westrail. The literature raises questions about the efficiency, equity, accountability and long-term social and economic consequences involved in privatising or contracting out public assets and services.

Westrail has been radically reshaped from a self-contained public railway system to one where most of its assets and services have been or are in the process of being transferred to the private sector. This embraced the Midland Workshops, which had been the largest industrial establishment in the State's history, and when the closure was announced in 1993 still employed 920 people, including 90 apprentices.

Chapter Two examined the development and growth of the Workshops and the important role played by them in the State's industrial history. It highlighted the advantages of having a large public establishment with the necessary skills and equipment capable of rapid conversion in times of national emergency, such as the Second World War. It was revealed that the Workshops had an enormous, and in some respects unique, capacity to build or repair a wide range of equipment and vehicles for both the railway system and external customers. But by the beginning of the 1980s the changing political and economic climate began to profoundly affect the Midland Workshops. While over $10 million was spent on upgrading and reorganising the Workshops in the 1980s to improve efficiency, the policy of the commercialisation of Westrail demanded significant shedding of employees, and saw the outsourcing of increasing amounts of its work.

Midland, like other railway workshops around Australia, had a reputation for inefficiency and a militant unionised workforce. The thesis has revealed the various
factors which contributed to this. Some of these factors involved the high overhead costs associated with servicing a railway which required responsiveness and reliability, the cost of training apprentices for West Australian industry and the provision of employment opportunities for people with disabilities; others concerned inefficient work practices and demarcation disputes between members of different unions. But it was found that a major factor was the poor relationship between management and the workforce, referred to as “the culture,” and described by industrial relations consultant, Dr. Norm Dufty in 1983 as “Dickensian.” This situation did not begin to change until health and safety legislation led to the introduction in the late 1980s of a consultative process between management and employees through their unions, which provided the forum for dialogue and co-operation. An experimental employees’ participation programme introduced in 1989 also offered some hope in changing work practices and workplace relations, but was not pursued by new management in the 1990s.

The research identifies a number of areas where, it could be argued, Westrail failed to maximise the Workshops’ potential. These included research and development of new technology and manufacturing opportunities. The lack of an effective customer-focussed marketing strategy to gain outside business was also seen as a significant factor in loss of work for the Workshops. Initiatives taken by Workshops employees to correct this by the production of a Trade Directory and videos and to seek external work for Midland were suppressed by management, who apparently did little or nothing to replace these activities. There is no evidence that this situation changed in the early 1990s. In fact the research reported in Chapter Three shows that it was management policy not to market the Workshops until internal rationalisation had taken place, despite the fact that the potential for local and overseas customers had been identified.

The introduction of a rationalisation plan in 1991, drawn up by the new General Manager of the Workshops appointed the previous year, was somewhat controversial. It was, however, seen as an attempt on the part of the Government to make the Workshops more competitive and thereby secure their future. The evidence reveals that by the end of
1992, eighteen months after the introduction of the Henshaw plan, change had occurred and was continuing to take place. There had been further reorganisation of the production structure under three managers; there were successful negotiations on award restructuring and multiskilling, leading to diminishing demarcation disputes; significant progress had been achieved towards Quality Assurance Accredication, and there had been a reduction in the workforce of some 16 per cent. The Labor Government had promised $27 million towards further modernisation of the Workshops to allow them to become more competitive, and eulogistic and optimistic comments were made about Midland by both the Commissioner of Railways and the General Manager of the Workshops late in 1992. The Workshops, it seemed, were on track for ensuring their survival.

Chapter Four exposes the betrayal of those employees at Midland who, based on the evidence, had co-operated in workplace reform, worked for Quality Assurance Accredication, and trusted political promises. During the campaign for the State Election on 6 February 1993, the Liberal and National Party Coalition pledged new initiatives for the Midland Workshops to secure their long term future. As the study revealed, the Westrail employees were therefore devastated when the new Coalition Government announced on 28th April, less than three months after the election, that it intended to close the Workshops as part of sweeping reforms recommended by Westrail at the invitation of the Government. The decision was apparently taken without consultation with the workforce, their representatives the unions, or the Midland Community. The great secrecy surrounding it and the haste in which it was made raise serious questions about the probity of such processes in a democratic society, particularly when the action taken affects the lives of over 900 people and their families.

While the Government offered broad reasons for the closure, it was unable or unwilling to provide any detailed information to validate its claims that the closure of the Workshops and the contracting out of most of the work would save $19 million a year. The study also found no evidence that Westrail or the Government had seriously pursued other options than the closure.
The response of the hundreds of employees affected and their unions demonstrated the extent to which industrial relations had changed in Australia over the previous decade, a phenomenon attributed to the Accord, introduced by the Hawke Federal Government. In view of the Midland employees' reputation of militancy, it was perhaps surprising that no serious disruptive industrial action was taken against Westrail. The campaign waged by the unions could be regarded more as political, aimed firstly at forcing Westrail and the Government to substantiate the financial claims being made, and secondly at achieving a reversal of the closure decision. It failed completely in both of its aims. Despite widespread public support for the employees' case, the Government refused to reconsider its decision and proceeded with plans to close the Workshops.

The 750 employees whose jobs were shed were offered the option of voluntary redundancy or redeployment. A critical analysis of the effects of the closure on the workforce was undertaken by the author. While the research, reported in Chapter Five, disclosed that some of those who chose redeployment found similar or better employment in Westrail or other Government Departments, these were few, mainly those in management or white collar jobs and some tradespersons. For many others, the experience proved humiliating and costly both in economic and social terms. The same could be said for those who took redundancy. A number gained satisfactory employment in the private sector, and some found the redundancy package helpful to early retirement, but from anecdotal evidence collected from interviews and supported by questionnaires, it seems the lives of the majority were adversely affected. It was claimed that the psychological trauma resulting from financial insecurity, loss of self esteem, isolation from former workmates and a sense of loss of control over life led to tragic consequences. These included mental and physical ill health, marriage breakdown and, the most serious reported, the suicides of two men. The personal accounts of the former Midland Workshops employees were contextualised within the global research on voluntary redundancy and unemployment. This research, which revealed the damaging physical, psychological and social effects on the victims, supported the individual evaluation.
The fate of the Midland workers demonstrated that redeployment into meaningful long-term jobs is not a reality for a majority of government employees when the policy of the Government is based on privatisation of public services. Many of those who chose redeployment from Midland faced further upheaval in their lives when, only a year after the closure of the Workshops, the Government announced the *Right Track* programme.

Information from investigations linked to this thesis revealed in Appendix D demands broader inquiry, which is not within the scope of the study. In the author’s opinion, it provides a basis for challenge to the Government’s economic claims on the Workshops closure and the *Right Track* programme.

In summary, the findings in this thesis are:

Firstly, the evidence has revealed the *social* costs related to the closure of the Midland Workshops were high. In addition to the impact on those employees and their families, whose lives were adversely affected, there would be a future impact. This is the loss of the social and economic benefits of hundreds of jobs and of apprenticeship training opportunities.

Secondly, the real *economic* consequences to the State of the closure are difficult to establish, because the Government refuses to make available for public scrutiny any detailed financial statistics or information to prove its actions were justified. Cost comparisons for particular work performed by the Workshops with that contracted to the private sector are not available from the Government. Also, the cost of maintenance disappeared as a line item in the Expenditure Statement of Westrail’s Annual Reports in the same year that the Workshops closed, 1994. Unlike the situation prior to the closure, this has made it impossible to tell from these reports what maintenance of track and rolling stock actually costs.

Thirdly, in view of the lack of documented evidence of financial savings from the Workshops closure; the haste in which the decision was made, apparently without detailed information, careful planning or the serious exploration of other options; and the sweeping privatisation of Westrail and other Government services and assets, it is not an
unreasonable assumption that political ideology played a significant role in the closure of the Midland Workshops.
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*W.A.P.D.* 1 July 1993.

*W.A.P.D.* 7 July 1993.

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INTERVIEWS CONDUCTED BY THE AUTHOR

(Tapes and transcripts are held in her possession)


McCASKILL, Mr. D.M. (Darrald): Retired. Interviewed at Attadale on 29 May 1998 and 12 June 1998. Employed at the Workshops from 1931 to 1976 with a break of five years during World War II. due to war service. Began as a junior worker and worked his way up to Chief Mechanical Engineer, a position he held on his retirement.

MOUNTAIN, Mr. K. (Kevin): Retired. Interviewed in Midland on 17 August 1999. Employed at the Workshops from 1952 to 1994. Began as a Junior Clerk and his last position was Workshops Timekeeper or Administrative Office Relief. Served in many capacities, for example organising the Red Cross Blood Transfusion Clinic at the Workshops, the largest in W.A. Also acted as Secretary to the Joint Railway Unions Committee and other committees.
PEARSON, Dr. C.A.L.(Cec.): Senior Lecturer in Management, Murdoch University. Interviewed at High Wycombe on 10 February 2000. Conducted Employees' Participation Programme at Midland Workshops from 1989 to 1992, when employed by Westrail as Engineer Special Duties. Had earlier introduced successful employee participation among W.A.G.R. permanent way gangs.


“PETER”: A former employee of the Workshops of 17 years, who wished to remain anonymous.

“RICHARD”: Interview conducted with a person who wished to remain anonymous.

SALES, Mr. M.W. (Mike): Self employed painter and decorator. Interviewed in Noranda on 8 December 1999. Employed at the Workshops from 1976 to 1994. Worked as a mechanical fitter, as Training Development Officer, and finally as Redeployment Officer. Acted as Union Convener for the A.S.E. and served on many committees.

SMITH, Mr. H. (Hugh): General Manager, Urban Passenger Division, Westrail. Interviewed in Perth on 1 June 2000. Employed at the Workshops from 1972 to 1994. Served as Assistant Engineer in Projects and Planning, Senior Design Engineer, Assistant Production Engineer, Production Engineer and finally as Acting General Manager, Workshops and Supply, in the last year leading up to the closure. (Note: Mr. Smith was not prepared to comment on any aspect of the Workshops closure).

WELLS, Mr. R.C. (Bob): Secretary, Rail, Train and Bus Industry Union. (Formerly the P.T.U.). Interviewed in Perth on 6 September 1999. Employed at the Workshops from 1963 to 1978. Began as an apprentice and worked as a car and wagon builder. Acted as Convenor for the W.A. Amalgamated Society of Railway Employees (W.A.A.S. of R.E.), later known as the A.R.U. Served on a number of committees.
APPENDIX A

MIDLAND WORKSHOPS BUDGETED REVENUE 1989/90

<table>
<thead>
<tr>
<th>Qty.</th>
<th>Workshops Revenue $ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td></td>
</tr>
<tr>
<td><strong>Westrail Operations</strong></td>
<td></td>
</tr>
<tr>
<td>- loco/bogie overhauls</td>
<td>79 units</td>
</tr>
<tr>
<td>- wagon maintenance</td>
<td>misc.</td>
</tr>
<tr>
<td>- country railcar/</td>
<td>5 units</td>
</tr>
<tr>
<td>overhauls/misc. work</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
</tr>
<tr>
<td><strong>Westrail's Other Branches</strong></td>
<td></td>
</tr>
<tr>
<td>- general components</td>
<td>misc.</td>
</tr>
<tr>
<td>(ordered direct/via supply)</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
</tr>
<tr>
<td><strong>Transperth</strong></td>
<td></td>
</tr>
<tr>
<td>- suburban railcar work</td>
<td>misc.</td>
</tr>
<tr>
<td>4.</td>
<td></td>
</tr>
<tr>
<td><strong>Oil Companies</strong></td>
<td></td>
</tr>
<tr>
<td>- rail tank car fleet</td>
<td>misc.</td>
</tr>
<tr>
<td>5.</td>
<td></td>
</tr>
<tr>
<td><strong>Other Industry</strong></td>
<td></td>
</tr>
<tr>
<td>- various industry contracts</td>
<td>misc.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Works for Westrail</strong></td>
<td></td>
</tr>
<tr>
<td>- wagons/containers</td>
<td>5.7</td>
</tr>
<tr>
<td>- country railcars</td>
<td>0.3</td>
</tr>
<tr>
<td>- locomotives</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
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</tr>
</tbody>
</table>

(Figures prepared by Westrail Management for *Midland Workshops Business Plan* February 1990. Quoted in Jacobson p.36)
APPENDIX B

SURVEY OF FORMER MIDLAND WORKSHOPS EMPLOYEES
BY QUESTIONNAIRE

Methodology and Limitations

A postal survey was undertaken of former Workshops employees by way of a questionnaire. The purpose was to attempt to reach a large sample of people to obtain a comprehensive human perspective on the effects of the closure.

The study was limited by access to names and addresses of the people concerned. As these were not available from Westrail or the Battye Library archives, the relevant Unions were approached for assistance. This was readily given by the blue collar Unions, namely the Public Transport Union, the Australian Manufacturing Workers’ Union, and the Communications, Electrical and Plumbing Union, but due to the passage of time these records were incomplete and dated. As union records of white collar staff were not available, a survey of these employees was limited to names and addresses supplied by former office staff from Midland. The sample may therefore be biased in favour of employees whose union had the best records, namely the Public Transport Union.

Additional names were obtained from the Australian Society for the Study of Labour History which compiled a list from a visitors’ day at the Midland Workshops site in March 1999, organised by the Society. After detailed checking of the Electoral Roll to verify the accuracy of addresses, the total number to be surveyed was reduced to 270.

On 30 October 1999, questionnaires were posted to 270 former employees of the Workshops with a reply date of 30 November 1999. To encourage the maximum response, each questionnaire was accompanied by an individually addressed and signed letter and a stamped addressed envelope.

Results
The total number returned was 104. Twelve of these were invalid due to lack of details or “address unknown.” Of the remainder, 30 of the respondents had chosen redeployment and 57 redundancy. In addition there were 5 apprentices who had transferred to other jobs to complete their training.

Analysis of the Data
At the time of the survey, of the 30 who chose redeployment, 15 were still in Government employment, 9 of these were still in the same position or a higher one and 6 had changed to other positions, mainly due to the job they were given also becoming redundant through privatisation. All of those still in Government employment were either white collar employees or tradespersons. None came within the category of “semi-skilled” or “labourer.” Fifteen of the redeployees had left Government employment. Among the reasons given by those who had left were: job privatised and made redundant, job degrading (from tradesman to cleaner or labourer), work too physically hard (an older worker with 32 years experience put on a bitumen gang), and some private reasons. Ten of the 15 obtained jobs in private industry.

At the time of the survey, of the 57 Workshops employees who had taken the redundancy package, 15 were employed in the private sector and 2 self-employed. The remainder were either retired or unemployed.

Of the 5 apprentices, 4 were in private employment and 1 with Westrail.

Therefore, from a total of 92 valid responses, there were
45 not employed
29 employed in private sector
16 employed by the Government
2 self-employed.
While it cannot be claimed to be an accurate reflection of the total final Midland Workshops redeployment and redundancy figures, it is argued that a sample of 92 does provide the basis for assessing the effects of the closure on a significant number of people.

The data show that in redeployment white collar workers seemed to fare better than tradespersons. Office workers were redeployed to similar jobs to the ones they were performing at Midland, or even better. While this applied to some tradespersons, the majority were placed in inferior positions, which did not use the skills they had developed over many years. Some examples of this were:

<table>
<thead>
<tr>
<th>Position</th>
<th>Years Experience</th>
<th>New Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Painter</td>
<td>16</td>
<td>suburban rail attendant (cleaner)</td>
</tr>
<tr>
<td>Painter, Signwriter</td>
<td>35</td>
<td>labourer</td>
</tr>
<tr>
<td>and decorator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car and Wagon builder</td>
<td>18</td>
<td>cleaner</td>
</tr>
<tr>
<td>Boilermaker/welder</td>
<td>21</td>
<td>suburban rail attendant (cleaner)</td>
</tr>
<tr>
<td>Moulder</td>
<td>26</td>
<td>labourer</td>
</tr>
<tr>
<td>Workshops Production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>32</td>
<td>bitumen gang</td>
</tr>
<tr>
<td>Coach Trimmer</td>
<td>26</td>
<td>cleaner</td>
</tr>
<tr>
<td>Moulder</td>
<td>28</td>
<td>suburban rail attendant (cleaner)</td>
</tr>
</tbody>
</table>

The majority of the respondents had worked at the Workshops for many years. Excluding the 5 apprentices, only 6 of the other 87 had been there for ten years or less:

- 4 - 10 years: 6
- 11 - 20 years: 39
- 21 - 30 years: 19
- 31 - 40 years: 12
Many of these employees had begun as apprentices or junior workers and remained there through their adult life. An explanation for this may be seen in some of the respondents' comments, which indicated the importance of job security, the strong social bonds between employees, and job satisfaction.

To gain a better understanding of this, it is important to allow their words to tell of their experiences.

In spite of the fact that I have a good position, I would always have preferred the experiences and the comradeship of all the fellows I had the pleasure of knowing and working with at the Midland Workshops.

(Tradesman Supervisor - 17 years service).

I don't enjoy my job... like I did at Midland. There was a real family atmosphere there.

(Computer operator - 4 years service).

I missed the company and friendship of my workmates.

(Painter - 44 years service).

My best experience at Midland Workshops was of meeting people from different nations, their different culture and way of life, which leads you to understand people better, thus making a better person out of you by respecting their culture as well as your own.

(Boilermaker - 41 years service).

After all the years of companionship from workmates, I miss them all. Private employment does not seem to bring about the same environment.

(Machinist - 19 years service).

I did experience the feeling of loss and I would liken it to losing a family
member. It was not only losing job security, but also loss of contact with people at work that took its toll.

(Training/Development Officer - 17 years service).

The Railways was a lifestyle, a place of learning, friendship, community of workmates. I was content and fulfilled working in the Railways, a future ahead and happy lifestyle. It is still hard to accept the decision that was made.

(Training Instructor - 17 years service).

Loss of security in a job and trust in government. Stress was the main factor. Planning the future with family was difficult.

(Mobile Operator -11 years service).

Personally I was devastated. I adored my job and all work colleagues. I found it very hard to settle into other jobs after the closure . . . It was a great job and also in a way an extended family.

(Computer Operator - 5 years service).

I did work in the Health Centre alongside two occupational health nurses. It was for me the job I looked forward to getting out of bed for. It was terrific - a lot of job satisfaction. If I could turn the clock back I would do it all again.

(Casualty Room Attendant - 4 years service).

The responses revealed unconscionable treatment of many of the Workshops employees who chose redeployment. There were numerous accounts of workers who had accepted redeployment, many to inferior positions to those held by them over a long period of time, mainly because they believed it offered them some long-term security and the ability to hang on to their superannuation, only later to find the job they were given became redundant due to privatisation.
A painter with nineteen years service lost his position as a tradesman and, after redeployment as a labourer, was appointed as a Westrail patrol officer. When this position was also made redundant, he decided there was no future at Westrail.

A car and wagon builder with twenty years service expressed concern that he had been redeployed to a job that was also about to disappear:

Since the present Government came to power and began privatisation at any cost your working life has been “Will I be next on the scrap heap?”

He was at that time in a Government position where redundancies were being implemented.

A coach trimmer with 26 years service was redeployed twice. Both jobs were privatised and he is now employed in the private sector.

A mechanical lifter with twenty-two years service was redeployed as a cleaner of rail cars, a position later privatised.

A boilermaker with twenty-one years service claimed that Midland workers who chose redeployment were promised a job for the next 20 years. The position he was transferred to was privatised within three years.

An electrical fitter with eighteen years service, who was transferred to a similar position at Forrestfield Locomotive Maintenance Depot, faced further upheaval in his life when that job was privatised two years later. He, too, decided there was no future for him in Westrail and accepted redundancy.

Another Midland worker of fifteen years service was also redeployed into two jobs that disappeared:

Being redeployed to Forrestfield, then to another department for 13 months before that position was made redundant was frustrating, especially when my wife and I believed my employment in Westrail would be secure for my full working life.

A boilermaker of nearly fifteen years service accepted redeployment to a lower
semi skilled position at Forrestfield "on the understanding that it was a 'safe' job for the future, only to be subjected to the very same scenario some 2 years later. Pressure was brought to bear in many forms eventually forcing me into (so called) voluntary redundancy."

A man in his later years, a workshop production employee, was redeployed to a "bitumen gang":

I felt I was badly treated after 32 years of loyalty and a good record. I am still traumatised by the upheaval and think I would have worked till age 65 if I was allowed to.

He was forced to resign because the work was too hard for his physical condition.

There were two different types of response from those in the older age bracket. A few in their sixties were happy to be able to retire early as a result of the severance package offered. One of these was a boilermaker aged sixty-three years:

After 41 years in the noise, welding fumes and dirt and dust etc. with my hearing diminished by 25% plus high blood pressure I was pleased to go.

A turner and iron machinist with nearly forty-eight years service regarded the redundancy package as an added bonus to his superannuation and was also pleased to retire.

Others felt their productive life had been cut short and they were financially disadvantaged. This applied particularly to men in their fifties, who found it difficult to obtain work in the private sector or for whom redeployment was regarded as a farce. A blacksmith with thirty-six years service came into this category:

The effect has been a premature end to my working life. I mean who wants to give a 56 year old blacksmith a job?

There were others with disabilities who had been performing worthwhile work at Midland Workshops, and for whom there was no alternative to redundancy and life on a disability pension. As one man described it: "In a word, humiliating."
An overwhelming number of the respondents reported a great deal of emotional pain as a result of the closure, using terms like “stressful,” “traumatic,” devastating, and “loss of control” of destiny or the future.

- Certainly most traumatic event in my working life. Did experience a great deal of stress and saw first hand the devastating effect on others, as was employed by Redundancy/Redeployment Taskforce.

- I found the experience very difficult to come to terms with. In fact it had a devastating effect on myself and my family.

- I was depressed for months and on anti-depressants . . . My family suffered a lot . . . my financial planning is stuffed . . . I was referred to a Social Security psychologist who helped me get back on the rails and helped me find employment in the private sector. I still miss Midland Workshops very much.

- I think this Government that’s in office at the moment should think about what it has cost a lot of families and myself. It hurt a great deal.

- Not being in control of the family’s future.

- Turned my family life to shit. Now I am separated. Thank you Mr. Court.

- My family and I were devastated over the sudden decision of the Liberal/C.P. Coalition Government to close down the Midland Railway Workshops . . . My wife and I separated shortly after I ceased to be employed.

A small number of respondents indicated that, after the initial trauma, they were successful in obtaining satisfying work in the private sector. A mechanical fitter with twenty years Workshops experience was one of these:

When I did get a job in the mining industry I have been getting better wages and have travelled a lot in W.A. and the rest of Australia with the job.
A sandblaster with twenty-one years service found it “a worry at first, but things turned out okay - have a good job.”

Another person who also experienced early problems in the private sector but ultimately triumphed had been a steel smelter at Midland for twenty-five years:

I had several jobs - some not very nice. I was harassed, badgered and treated like dirt - very distressing and upsetting for me and family. Currently working for . . . a good company and a great lot of guys - like Westrail! They should never have closed Midland!

Summary of responses

There are several implications to be drawn from the responses to the questionnaire.

Firstly, long-term employment in a stable working environment can create healthy social relationships, resulting in emotional and psychological wellbeing.

Secondly, the forced loss of that employment can create serious psychological, social and economic disruption in people’s lives.

Thirdly, in redeployment of Government employees, white collar workers tend to fare better than blue collar workers.

Fourthly, redeployment into meaningful long-term jobs is not a reality for the great majority of Government employees when the policy of the Government is based on privatisation of public services.

Fifthly, voluntary redundancy, despite a generous severance package, can also lead to economic and social disruption when the person is considerably below retiring age and unable to obtain employment in the private sector.
29 October 1999

Dear

CLOSURE OF MIDLAND WORKSHOPS

I am a B.A. (History) Honours student at Edith Cowan University writing a thesis on “The social, economic and political implications of the closure of the Midland Workshops on 4 March 1994.”

As part of my research I am anxious to find out how former employees of the Workshops fared when they closed. In particular, I wish to ascertain the different experiences of those who chose redeployment as against those who opted for redundancy.

As I understand you were one of the people affected by the closure, I would be grateful if you would be good enough to take a few minutes to fill in the enclosed questionnaire.

You will note there is provision at the bottom of the form for you to indicate whether you wish to remain anonymous if any comment is quoted in my thesis. If you choose to do so, your wishes will be scrupulously observed.

I would greatly appreciate if you could complete and return the questionnaire by 30 November 1999. A stamped addressed envelope is enclosed for your convenience.

Thanking you in anticipation.

Yours sincerely,

LYLA ELLIOTT
QUESTIONNAIRE TO FORMER EMPLOYEES
OF WESTRAIL’S MIDLAND WORKSHOPS

(1) How long did you work at the Midland Workshops? ......................
    From....................To..........................

(2) What was your job? ................................................................

(3) When the closure of the Workshops was announced,
did you take: (a) Redundancy..................
    or (b) Redeployment.............

If you chose redeployment, will you please answer the following questions;

(4) To which Department were you redeployed?..............................

(5) In what position? ..........................................................

(6) Are you still in that position? ..............................................
    If not:
(7) When did you leave it? ....................................................

(8) Why did you leave it? ........................................................

(9) Are you (a) Still employed by the Government?......................
    (b) In private employment? ............................................
    (c) Not employed? ......................................................

Please turn over
In the space below, would you care to make some comment on this experience in your life and the effect on yourself/your family?

........................................................................................................................................
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........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

Name:..................................................................................................................

Address....................................................................................................................... (OPTIONAL)

Phone No..................................................................................................................

Do you give permission to quote your name? Yes/No) Please  )

or Do you wish to remain anonymous? Yes/No) preference.
During the 1990s, rail systems around the world were subjected to a new ethos that demanded they become more efficient and competitive. In an endeavour to investigate how railway workshops were affected during the decade by developments in the railway industry elsewhere, a survey was undertaken by the author. As a study of all countries was both impractical and inappropriate for the purpose of the thesis, it was decided that the targetted sample should be taken from industrialised Western nations with economic and social similarities to Australia. An approach was made to all other Australian mainland States and nineteen overseas rail authorities in twelve countries. Letters were accompanied by appropriate questionnaires. Where it was known a rail system was privatised, a different questionnaire was used from those cases where it was not known. Replies were received from three Australian States and fifteen overseas organisations (twelve countries). Only two of the overseas organisations which responded, namely in New Zealand and the United Kingdom, did not represent State-owned rail systems. In two of the three Australian responses, namely from Queensland and New South Wales, the rail systems are still owned and run by the Government. Sample questionnaires and details collated from the replies are attached to this Appendix.

**Overseas Rail Systems**

It would appear from the responses from the overseas authorities that public sector participation in the provision of rail services is regarded as important in those places where rail is State-owned. It is also apparent that workshops are considered a necessary integral part of the organisation. Even Trans Rail, the privatised New Zealand network, has its own workshops. The numbers range from two in New Zealand to eighty in Germany.
All systems except one tender for outside work, and in some cases it forms a large part of their business. Some are involved in joint ventures. Most indicated they contracted some work out, but stated it was only a small amount.

The respondents saw distinct advantages in having their own workshops. Positive comments included safety, security, responsiveness, flexibility, reliability, cost benefits in the area of purchasing, increasing added value, life-cycle cost decisions, retention of experience, ability to organise maintenance of rolling stock to optimise its use, and an example of an in-house contract being 18 to 20 per cent cheaper than contracting out.

Rationalisation of workshops has taken place in all systems over the past five years. This has involved closing some workshops, extending others to take the work, opening new ones, downsizing some, modernisation of others. Some respondents plan minor rationalisation in the future, some do not, and others are keeping their options open.

Worker participation was considered important and had been a long tradition in some countries, particularly in Scandinavia.

**Australian Rail Systems**

In Australia, responses were received from New South Wales, Queensland and South Australia.

**New South Wales**

In New South Wales, the rail system is still owned by the State. Rail Services Australia, which forms part of this system, is a successful State-owned corporation which runs seven workshops.

**Queensland**

Queensland Rail, also State-owned, provides an outstanding contrast to Westrail in the course it decided to take in the early 1990s. By going against the trend and investing in its workshops instead of closing them, that State now has five successful modern workshops, four of which meet Worlds Best Practice in manufacture and maintenance of rolling stock, and two of which have been classified as Centres of Excellence. QR has
established joint ventures with private companies to achieve value-added business opportunities. An example of this was the $35 million luxury train, the Great South Pacific Express, which was a joint venture between QR and the owners of the famous Orient Express train and built in QR’s Townsville Workshop.

South Australia

In South Australia, only the metropolitan passenger service is run by the State, the rest of the rail system having been originally sold to the Commonwealth Government and later privatised by the Commonwealth.
OVERSEAS RAIL SYSTEMS WHICH RESPONDED TO REQUESTS FOR INFORMATION

AUSTRIA: Osterreichische Bundesbahnen Technische Services
BELGIUM: Nationale Maatschappij der Belgische Spoorwegen
CANADA: VIA Rail Canada Inc.
CANADA: British Columbia: BC Rail
DENMARK: Danske Statsbaner
FINLAND: VR Tekninenosasto
FRANCE: Reseau Ferre de France (RFF)
          Societe Nationale de Chenins de Fer Francais (SNCF)
GERMANY: Deutsche Bahn AG
NETHERLANDS: NS Materieel
NEW ZEALAND: Tranz Rail Ltd.
NORWAY: Norges Statsbaner BA
SWEDEN: Banverket
          Statens Jarnvagar (SJ)
UNITED KINGDOM Department of the Environment, Transport and the Regions
AUSTRIA: Osterreichische Bundesbahnen Technische Services

A State-owned company.
Operates 35 workshops (6 main ones) 3,900 employees (maintenance and servicing
1,500 employees (manufacturing)

Tenders for outside work: freight wagons, mounting and installation of double deck
coaches and electric locomotives, components for electric and diesel locomotives,
breaking equipment, seats.

Involved in joint ventures.

Contracts out small volume of work for special vehicles

Advantages of own workshops: Know how, safety, security, cost benefits in area of
purchasing, increasing productivity, increasing added value, third party orders, life cycle
cost decisions, sales to outside industry increases profit.

Changes in past five years: 6 workshops closed. Total number of employees reduced
from 7,500 to 5,400. Future plans: may close about 5 workshops.

Worker participation: According to Austrian law.

(Eva Rathousky, Communication Manager Technische Services OBB. E-mail to author
31 August 1999).

BELGIUM: Nationale Maatschappij der Belgische Spoorwegen.

A State-owned company.

Operates 9 workshops - 3,370 employees (short-term rolling stock maintenance)
2 workshops - 2,451 employees (long-term rolling stock maintenance)
5 workshops - 786 employees (infrastructure maintenance)

Tenders for outside work: Repair of railway rolling stock parts, also designing and
manufacturing certain products, for example minibars for light on-board catering service.
Other services include manufacturing switches for Indonesia and work on rails for the
chunnel.

Contracts out small amount, such as cleaning of some rolling stock and buildings.

Changes in past five years: Several workshops closed and work distributed among those
remaining. 1 workshop expanded to take new production line for manufacturing
continuous welded rails. Future plans: 2 new workshops to be opened to replace 3 others
due to modernisation and improved productivity requirements. No plans to privatise.
Worker participation: Some in quality teams.

(F. De Pooter, Chief-Adviser Head of Service NMBS CCE, Letter to author 17 December 1999).

**CANADA:**

**Via Rail Canada Inc.**


Operates 3 maintenance workshops and 2 service depots. Employees about 500 people, including 23 private contract workers.

Tenders for outside work in wide variety of areas of maintenance, servicing, major locomotive overhauls, car refurbishment and other professional services like project planning and management, and feasibility studies.

Joint Ventures: Investigating sale of marketing rights of certain technologies Via Rail has developed and tested.

Contracts out some maintenance and servicing of equipment used on services in remote areas.

Advantages of own workshops: A study of having their shops operated by a private concern showed some savings may be possible in the medium term - 5 to 7 years - from lower material costs due to purchasing volumes, a consolidation of overheads, productivity gain due to non-unionised environment or more stringent employment practices. The disadvantages associated with a private concern would include the management of a complicated contract with reliability and availability parameters, the loss of operational flexibility to respond to unscheduled equipment demands and the termination and severance costs associated with displaced employees who do not meet the employment criteria of a private operator.

Changes in the past five years: 2 servicing facilities downsized. A major facility expanded to take extra work.

Worker participation: Valued and encouraged. Recently completed a two-year cost reduction programme to save $6 million without loss of jobs. The participation of VIA Rail's unionised workers was instrumental in making it an unprecedented success.

(W. MacNaull, Director, Business Maintenance & Services, Letter and E-mail to author 20 and 22 October 1999).
CANADA:       B.C. Rail

A Commercial Crown Corporation wholly owned by the Province of British Columbia.

Operates 5 workshops: 2 car shops, 2 locomotive repair shops and 1 work equipment shop: 500 employees.

Tenders for outside work in areas where it has expertise.

Contracts out very little of maintenance and service work

Changes in past five years: 2 workshops downsized and consolidated. No future plans to close or privatise.

Worker participation: Worker consultation in a wide variety of areas including health, safety, work rule changes and production opportunities for company’s business.

(Alan Dever, Director, Communications and Public Affairs, BCR Group of Companies, E-mail to author 1 September 1999).

DENMARK:       Danske Statsbaner (DSB)

A State owned company responsible for operating 95 percent of the railway traffic in Denmark. (Responsibility for infrastructure rests with State-owned Banestyrelsen).

Operates 11 workshops: 1708 employees. The workshops specialise in maintenance and servicing of particular rolling stock: intercity trainsets, locomotives and wagons, MR-trainsets and components. Manufacturing also takes place in the components workshop.

Tenders for outside work. A large part of the manufacturing in the components workshops is for external customers - railway and others.

Joint ventures. A recent example was a joint venture with a large private company in a tender for maintenance on 13 new freight locomotives.

Contracting out: Work such as refurbishing is put out for public tender, according to the European Union regulations.

Advantages of own workshops: Frequent benchmark studies are performed among Nordic countries (Denmark, Sweden, Norway, Finland). Results are confidential, but used to pinpoint areas where improvement is necessary. An advantage is to have a constant process and discussion on measurement methods, approach and improvements. Much of the workforce in the areas are part of a bonus payment plan.
Changes in past five years: Tendency to downsize workforce and concentrate on fewer and larger workshops due mainly to fall in demand of maintenance when using new rolling stock. Workshops have been opened, closed, expanded and downsized. Future plans: to open 1 workshop and close 2. The Copenhagen S-bahn will become a separate company from 1999 and this includes the workshops.

Worker participation: There is a strong and long tradition in Denmark for workers to be involved in any major change within companies, whether public or private. This tradition is supported by legislation from the Parliament. In a company like DSB there are several levels of involvement. Workers have their own selected members of the Board, there are consultation committees and major changes at a local level will be discussed before they are lauched.

(Henrik Kudall, Head of Projects, DSB Materiel, E-mail to author 18 November 1999).

**FINLAND**

**VR Tekninenosasto**

VR (Finnish Railways) was restructured into a group of companies in July 1995, all owned by the State. VR Ltd, the transport operator of the Group, is responsible for the maintenance of rolling stock.

VR Ltd operates 4 workshops: 1,110 employees. Work carried out: repairs, modifications, rebuilding of freight cars, locomotives, passenger coaches, electric multiple units (EMUs), other engines and components, and building new freight cars.

Tenders for outside work for customers with their own locomotives or freight cars. Also builds special purpose cars for foreign railways.

Contracts out about 15 percent of the total work performance.

Changes in past five years: Downsizing has taken place because of diminished work load due to electrification and improved efficiency of the workshops. Future plans: may close 1 or 2 workshops, may consider privatisation.

Worker participation: in planning of operational changes through consultative bodies.

(Ilkka Pusa, Technical Director, VR Tekninenosasto, Fax. to author 20 September 1999.

**FRANCE:**

In 1997 the rail industry was split into two State-owned companies. Reseau Ferre de France (RFF) owns and manages the infrastructure. Societe Nationale de Chenins de Fer Francais (SNCF) is the train operating company which also runs and maintains the network on behalf of RFF.
FRANCE: Societe Nationale de Chemins de Fer Francais (SNCF)

Operates 61 workshops for maintenance of rolling stock - 15 for major overhauls and repairs and 46 for other maintenance and servicing: 23,000 employees. It does not manufacture new rolling stock, but provides the specifications and supervision of its manufacture.

Tenders for outside work, but limited. Trying to develop a position in the markets of maintenance and renovation of towed equipment.

Joint ventures: Limited but could be developed in the future.

Contracts out about 1.4 to 2 percent of maintenance of rolling stock. In respect to infrastructure, which SNCF maintains for RFF, more of this work is sub-contracted to private companies.

Advantages of own workshops: Several analyses have been made by consultants not connected to SNCF. The advantages are: the great responsiveness of their maintenance system to the needs of the operation; evolution of maintenance programmes which increase the availability of equipment; the retention of experience in keeping equipment in service; the capacity to integrate the changes of commercial order into the work of overhauling equipment; permanent optimisation of the maintenance to actual use, that is the maintenance of wagons for the load actually carried.

Changes in past five years: 1 workshop replaced by a new one, others modernised, 2 downsized, 2 closed and activities transferred to another site. Future plans: to open 1 new workshop. No closures or privatisation planned for the next five years. It is hoped to maintain the level of activities by acquiring maintenance of railway equipment for foreign companies and also for tramways and metropolitan lines.

Worker participation: Has a good consultative process with employees and their unions. This ranges from a local level to participation in a four-year plan involving changes in the organisation due to technological and other developments.


GERMANY: Deutsche Bahn AG

Owned by the State.

Operates 80 workshops: 40,000 employees. Carries out maintenance in all categories.
Not involved in manufacturing.

Does not tender for outside work.

Not involved in joint ventures.
Does not contract out to private sector.

Advantages of own workshops: Cost-benefit analysis was carried out, and for reasons of security and flexibility decided to run their own workshops.

Changes in past five years: An unspecified number of workshops have been opened, closed and downsized. Future plans: It is intended to close or privatise an unspecified number of workshops in the future.

(Gotz Albert, DB Cargo Effizienz-und Projektmanagement, DB. E-mail to author 27 September 1999).

NETHERLANDS NS Materieel

Nederlandse Spoorwegen (NS) is a State-owned group with separate rail operations and infrastructure management. The following information relates to one of the Group’s business units, NS Materieel, which services traction and rolling stock.

NS Materieel operates 2 engineering consultancies, 3 overhaul, 6 maintenance and 3 servicing facilities: 3,500 employees. The company undertakes the design and development, maintenance, overhauling and cleaning of rolling stock. Has developed virtually all NS rolling stock.

Tenders for outside work, such as developing foreign rolling stock projects, modernising company operations and facilities, cleaning, modification and maintenance of rolling stock, mobile cranes and road, forestry and agricultural machinery. Domestic and foreign customers are increasing.

Changes in past five years and future plans: The organisation follows the market development. This may lead to fluctuations of size. It expects returns to grow by 5 - 10 percent in coming years.

Worker participation: Policy is to let employees be involved in management as much as possible.

(H.H.J. Scheeper, Head of the Communication Department, NS Materieel, letter to author 20 September, 1999).
NEW ZEALAND    Tranz Rail Ltd.

Formerly New Zealand Rail Ltd, a State-owned enterprise, sold in 1993 to a private consortium and renamed Tranz Rail Ltd.

Operates 2 workshops: 220 employees. Work carried out related to both rolling stock and infrastructure: maintenance, servicing and refurbishment of passenger rolling stock, wagons, locomotives; manufactures new rolling stock and heavy components used by the infrastructure group.

Tenders for outside work: stainless steel castings, grate castings, large machines and assemblies, and bogies for a gold company.

Joint ventures: Some entered into by one of the workshops.

Advantage of own workshops: One contract quoted, which was 18 - 20 percent more advantageous in house compared to having the project contracted out.

Changes in past five years: Both workshops downsized due to reduced capital programme, less fleet work and new builds. Future plans: No plans to close or open new workshops.

Worker participation: Hillside operates with self-directing teams and workers are responsible for all resource planning and process improvement. There is also a worker consultation process at the Hutt workshops.

(Kirsty Tamanui, Management Assistant, Mechanical Engineering, Tranz Rail Ltd. E-mail to author 8 September 1999).

NORWAY: Norges Statsbaner BA (NSB BA)

Norges Statsbaner was split in 1996 into two parts: Jernbaneverket (JBV), a government authority responsible for infrastructure, and NSB BA a government-owned company which handles traffic. The following details refer to NSB BA.

Operates 5 main workshops and 2 depots: 1,700 employees. Perform maintenance and servicing. Two additional workshops run under a subsidiary company carry out manufacturing as well as maintenance work. These were set up to enable them to tender for outside work without criticism related to government backing.

Contracting out: Very little, some cleaning.

Advantages of own workshops: Ability to organise maintenance of rolling stock at times which enable its optimal utilisation. Ongoing evaluation taking place.

Changes in past five years: 1 workshop opened, 2 depots closed, some downsizing in 2 workshops. Future plans: No change anticipated.
Worker participation takes place according to legal requirements.

(Svein O. Ringoeen, NSB BA Teknisk, Letter to author 6 October 1999).

**SWEDEN**

**Banverket (BV)**

In 1988 Sweden was the first country in Europe to separate management of infrastructure and traffic operations. Banverket (BV) a public authority is responsible for the management and operation of the State-owned infrastructure.

It operates several small workshops within the industrial division related to track maintenance, but also purchases maintenance service from outside parties. Work is also performed for outside parties.


**SWEDEN**

**Statens Jarnvagar (SJ)**

A State entity which has five divisions: passenger, freight, mechanical engineering, estates and data processing. The following information relates to SJ Engineering:

Operates 15 workshops: 1,400 employees.

Tenders for work from other train operators.

Contracts out a small amount of work: checks of wheelsets and air conditioning system control.

Changes in past five years: 1 workshop closed, 2 downsized. Future plans: no plans for change in the foreseeable future.

Worker Participation: There is a long tradition of worker participation in management. Laws and trade union agreements, both at top and local levels regulate this. SJ has an agreement between the company and trade unions called “Efficiency through co-operation.” It means wide worker participation, information/communication and co-operation in organisation changes, downsizing and big investments.

(Karin Jansson, Communications Officer, S.J. Engineering, E-mail to the author 26 October 1999).

**UNITED KINGDOM**

Since the passage of the Railways Act of 1993, British Rail has been privatised and restructured into individual businesses which trade with each other under commercial
contracts. While literature was received from Britain on this matter, the changes have been so extensive and the system is now so fragmented that it was not possible to prepare an analysis of the situation in the time available for this thesis.

AUSTRALIAN STATES WHICH RESPONDED TO REQUESTS FOR INFORMATION

NEW SOUTH WALES: Rail Services Australia
QUEENSLAND: Queensland Rail
SOUTH AUSTRALIA: Minister for Transport and Urban Planning
NEW SOUTH WALES

Rail Services Australia (RSA)

Railway workshops in New South Wales form part of Rail Services Australia. RSA was established in 1998 after the State Government restructured its rail system, separating infrastructure and train management functions. It is a State-owned corporation administered by a board of directors. Its key areas of business include construction, rail infrastructure maintenance, locomotive and other rolling stock maintenance, project management, technical services and consulting services.

Despite concerns about productivity in its workshops, in its first year as a State-owned corporation, RSA made over $10 million operating profit, and gained new business valued at nearly $100 million. Major contracts had been secured in Australia and overseas and it had forward orders to 2014 in excess of $2 billion.

RSA is involved in joint ventures with some large private companies to tap both the domestic and Asian markets.

Operates 7 workshops: 460 employees.

Changes in past five years: 1 small workshop opened, none closed or expanded. There has been downsizing of the workforce as the Workshops Division changed from being an in-house provider to competing in an open market. This has resulted in productivity improvements which, combined with a reduction in the workload due to fleet rationalisation and improved maintenance practices, has reduced labour requirements.

Future plans: In December 1999 RSA was negotiating with a major international rolling stock manufacturer/maintainer to enter into a joint venture to provide rolling stock maintenance services throughout Australia, which would encompass the existing workshops.

Worker participation: While there is no direct worker participation in workshops management or policy development, there is extensive consultation with the workforce through monthly consultative meetings.

(Terry Ogg, Chief Executive Officer, RSA, Letter to author 23 December 1999; Rail Services Australia Annual Report 1999: 4, 13)
QUEENSLAND

Queensland Rail (QR)

A State-owned corporation, which pays dividends to the Government, it is self funded through its commercial operations and Government reimbursement for community service agreements.

Queensland Rail introduced a ten-year reform programme in 1991. At a time when other States were closing or privatising their workshops facilities and services, Queensland took the opposite position. In 1993 QR decided invest in and rebuild its workshops. Over $60 million was spent, to turn them into establishments which meet Worlds Best Practice in the overhaul and manufacture of rolling stock. Two, Redbank and Rockhampton, have been classified Centres of Excellence.

Operates 5 modern workshops:

Redbank: 907 employees - construction and maintenance of wagons, overhaul and maintenance of locomotives, overhaul and maintenance of passenger rolling stock;

Banjo: 21 employees - rail welding facilities.

Ipswich: 104 employees - overhaul, refurbish and running repairs on steam locomotive fleet.

Townsville: 277 employees - manufacture of Great South Pacific Express, rolling stock overhaul and maintenance of passenger rolling stock.

Rockhampton: 568 employees - overhaul and maintenance of locomotives, wagons and associated rollingstock components.

Tenders for outside work and successfully obtaining manufacturing and maintenance work from other States. Also has international customers, for example Vietnam and Thailand.

Contracts out maintenance on the Tilt Train, which runs between Brisbane and Rockhampton, to the manufacturer.

Joint ventures: QR Workshops Group not involved, but QR establishes joint ventures with private companies to achieve value added business opportunities. An example of this was the $35 million luxury train, the Great South Pacific Express, which was a joint venture between QR and the owner of the Orient Express train, and built in QR’s Townsville workshop.

Advantages of own workshops: Having a workshops function integrated into the QR environment has proven beneficial.

Worker participation: A substantial consultative process was set up to build the Centres of Excellence involving both QR management and the workforce through their unions.
This team approach proved very successful and there is ongoing consultation through union and management committees, also involving employees at shop floor level.


SOUTH AUSTRALIA

South Australian Railways was sold to the Commonwealth Government in 1974, amalgamated with Commonwealth Railways, and from 1 March 1978 operated under the name of Australian National (AN). Interstate and intrastate passenger and freight services were provided by AN.

The Federal Government created the National Rail Corporation (NRC) in September 1991, which began commercial operations in April 1993. NRC took over all interstate freight operations in South Australia.

AN, responsible for intrastate freight services and interstate passenger services sold by the Federal Government in November 1997 to two private companies.

Only the metropolitan passenger service is still owned and run by the South Australian Government. The only workshop not privatised is a small TransAdelaide rail car depot.

(Questionnaire used where system known to be privatised)

QUESTIONS RELATED TO RESEARCH BEING CONDUCTED INTO RAILWAY WORKSHOPS BY LYLA ELLIOTT, HONOURS STUDENT, EDITH COWAN UNIVERSITY, WESTERN AUSTRALIA

1. Does Canadian Pacific operate its own workshops? If so:
   (a) How many?
   (b) Where are they located?
   (c) How many workers are employed there?

2. Please describe in broad terms the work carried out there related to rolling stock and infrastructure on:
   (a) maintenance and servicing;
   (b) manufacture.

3. Do the workshops tender for work outside your own system? If so, please give examples.

4. Are they involved in any joint ventures with other companies? If so, please give examples.

5. Is any of the maintenance and servicing work on rolling stock or infrastructure contracted out to other companies? If so, please give examples.

6. Has any cost-benefit analysis been carried out on the relative advantages/disadvantages of operating your own workshops, as against contracting work out? If so, could you please advise the results in broad terms.

7. In the past five years, have any of your workshops been:
   (a) opened;
   (b) closed;
   (c) expanded; or
   (d) downsized.

   If so, what was the reason?

8. Is there any plan to open or close any workshops in the foreseeable future. If so, what is the reason?

9. Is there any arrangement for worker participation in workshop management or policy development? If so, could you please give a brief description.
QUESTIONS RELATED TO RESEARCH BEING CONDUCTED INTO RAILWAY WORKSHOPS BY LYLA ELLIOTT, HONOURS STUDENT, EDITH COWAN UNIVERSITY, WESTERN AUSTRALIA

1. Is your railway system still owned by the State?

2. Does it operate its own workshops? If so:
   
   (a) How many?
   (b) Where are they located?
   (c) How many workers are employed there?

3. Please describe in broad terms the work carried out there related to rolling stock and/or infrastructure on:
   
   (a) maintenance and servicing;
   (b) manufacturing.

4. Do the workshops tender for work outside your own system? If so, please give examples.

5. Are they involved in any joint ventures with private companies? If so, please give examples.

6. Is any of the maintenance or servicing work on rolling stock or infrastructure contracted out to the private sector? If so, please give examples.

7. Has any cost-benefit analysis been carried out on the relative advantages/disadvantages of operating your own workshops? If so, could you please advise the results in broad terms.

8. In the past five years, have any of your workshops been:

   (a) opened;
   (b) closed;
   (c) expanded;
   (d) downsized.

   If so, what was the reason?

9. Is there any plan to (a) open, (b) close or (c) privatise any workshops in the foreseeable future. If so, what is the reason?

10. Is there any arrangement for worker participation in workshops management or policy development? If so could you please give a brief description?
APPENDIX D

QUESTIONS FOR FURTHER INVESTIGATION


In the Legislative Assembly in March 2000, Alannah McTiernan, the Opposition Spokesperson on Transport, asked the following question:

Will the Minister detail where the annual net savings of $47 million projected for the implementation of the total Right Track programme have been achieved?

The Minister representing the Minister for Transport replied:

The Member would be aware that the 1995 Right Track Modernisation of Westrail initiatives identified savings of $46.930 million. Westrail’s accounting system is not structured to record the actual savings realised from the individual initiatives implemented. However, the change in financial performance from an annual loss331 prior to the 1995/96 financial year to an operating total profit of $122.6 million over the past four financial years is evidence of the success of the Right Track program.332

What the Minister omitted to say was that the operating “profit” for three of those years included direct cash compensation from the Treasury for Westrail’s Community Service Obligations. Accounting changes introduced in the financial year 1996/97 allowed Westrail, for the first time, to include the C.S.O. recoup as income.333 Prior to that year, this compensation was treated as a “subsidy” in Westrail’s accounting to offset losses related to C.S.O.s, and taken into consideration when calculating the “commercial” result. It was not included as a direct payment under “Revenue” in the Profit and Loss Statement.334 The result of the bookkeeping change has been to boost the

331 The Minister is referring here to an “operating” loss, not a “commercial” loss. The former was not adjusted for C.S.O. subsidies.
332 W.A.P.D. 14 March 2000: 4762-3
figure Westrail can claim as operating profit considerably. In fact, the C.S.O. recoup payment by Treasury accounts for nearly 50 percent of the profit. This can be seen in the following figures:

<table>
<thead>
<tr>
<th>Operating Profit Before C.S.O. Recoup</th>
<th>C.S.O. Recoup $000</th>
<th>Total Operating Profit $000</th>
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<tbody>
<tr>
<td>1995/96</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13,055</td>
<td>N/A</td>
<td>13,055</td>
</tr>
<tr>
<td>1996/97</td>
<td>19,870</td>
<td>42,529</td>
</tr>
<tr>
<td>1997/98</td>
<td>19,711</td>
<td>46,152</td>
</tr>
<tr>
<td>1998/99</td>
<td>19,547</td>
<td>20,831</td>
</tr>
<tr>
<td>Total</td>
<td>63,439</td>
<td>122,567</td>
</tr>
</tbody>
</table>

Two points to be made about these figures are: Firstly the evidence suggests it was misleading for the Minister to attribute “the operating total profit of $122.6 million” over the years 1995/96 to 1998/99 to the success of *The Right Track* programme. Without the Treasury payment for the C.S.O.s the figure is about half that, namely $63,439,000 over the four years. Secondly, if the projected savings of $19 million from the closure of the Workshops are added to the $47 million that was supposed to be saved from *Right Track*, it appears the total improvement in Westrail’s financial position should have been in the vicinity of $66 million per annum. As the above figures show, this is certainly not the case with the last year’s operating profit before the Treasury C.S.O. payment being only $1,284. million.

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