AWA TODAY ... AND HOW IT GOT HERE

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The joint venture began operating in 1973/74 but competition in consumer electrical products, especially from Japanese manufacturers, was intense, and government decisions about industry protection significantly changed the landscape.

Early in 1973, the newly-elected Whitlam Government established the Industries Assistance Commission (IAC). It replaced the Tariff Board, created in the early 1920s to consider requests to impose or vary customs duties. Given a wider brief to advise about assistance to manufacturing, rural, mining and tertiary industries, the IAC was also encouraged to reopen investigations into long-term assistance. In July 1973, the government announced a general cut of 25% in all tariff rates. Then in November, it lowered tariff rates to 35% on consumer electronic equipment and components; in January 1974, tariff rates on most domestic electrical appliances were reduced to 25%. Four years later, Lionel Hooke’s son and successor as AWA managing director and chairman, John Hooke, told the AGM the company had been through a ‘very difficult period since the tariff cuts of 1973’. There had been ‘many organisational changes and a reassessment of priorities which have altered traditional trading patterns’. He thought ‘few manufacturing industries can survive, let alone expand, without a stable system of protection, coupled with rationalization of production facilities to achieve the lowest production costs’. In the meantime the company’s emphasis on non-manufacturing activities had been ‘clearly vindicated’.

The 1980s was AWA’s toughest decade. Tariffs were cut further and the liberalisation of government controls on foreign exchange trading led to a major scandal. In 1986/87, AWA announced it had lost around $50 million from foreign exchange trading, after earlier announcing substantial profits from it in the first half of the year. It sacked the trader it held responsible, Andy Koval, and brought legal actions against him, to recover commissions, and against AWA’s auditors, Deloitte, for negligence. Judgment was entered for AWA against Koval, who left Australia and eventually gained residency in the United States. The action against Deloitte became one of the leading Australian cases about directors’ duties. AWA recovered part of the losses: its auditors were held to have failed in their duty to advise the directors of the lack of adequate internal processes for monitoring foreign exchange trading, but AWA was held to have contributed to the loss. Koval was later charged with fraud, arrested

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in Houston, Texas in 2009 and extradited to Australia after spending several months in prison. In August 2012, the saga finally ended: Koval pleaded guilty to four charges of falsely obtaining a financial advantage. More than $US300,000 had been moved without authority into a New York bank account jointly owned by Koval and the foreign exchange dealer at Barclays Bank Australia who carried out the forex trades in the 1980s. Koval was given a one-year prison sentence; he entered into a good behaviour bond and the sentence was suspended.4

Long known as AWA, Amalgamated Wireless (Australia) Ltd was renamed AWA Limited in 1988. The micro-electronics business, formed in the 1960s, established a new semiconductor fabrication plant ('fab') as a joint venture with British Aerospace and the NSW Government. Two new businesses established around this time provided the company's future. An information technology services business was created in 1982; a joint venture between AWA and the Registered Clubs of NSW launched Keno in NSW in 1990 and licensed it in Victoria to a joint venture between Tattersall's and the TAB (privatised in 1994 as Tabcorp). Poker machines were manufactured and Smorgon Technologies, a big international producer of totalisator systems, was acquired in 1991. Major parts of the 'old AWA' were sold around this time. Most of the radio stations were offloaded to 'Wesco during the big media ownership changes that followed the introduction of cross-media laws. (The Sydney TV station, in which Rupert Murdoch acquired a big stake in the late 1970s, was sold to a company controlled by shopping centre king Frank Lowy at this time.) AWA's telephone manufacturing business was sold to Exicom; the Ashfield site was disposed of; manufacturing of domestic appliances and consumer electronic devices ceased (AWA-Thorn was sold to Mitsubishi in the mid-80s).

By the mid-1990s, AWA Limited still comprised several significant business units. The industrial electronics businesses earned significant export income but required large capital investment; the gaming business generated a lot of cash. Faced with a choice between selling the gaming business and using the proceeds to invest in the other businesses, or selling the industrial electronics businesses, returning capital to shareholders and turning AWA into a gaming company, the board chose the latter. South African company Plessey bought the communications, traffic management and aviation businesses; eventually they were sold again, individually, to their major competitors as part of global consolidation in their market segments. Much of AWA Defence Industries (AWADI) was sold to British Aerospace. AWA's maritime division was sold to a private company that renamed, and still operates it as AWA Marine. A Melbourne radio station, 3XY, was acquired, relaunched as '3EE - The Breeze', but sold soon after; the former flagship of AWA's radio network, Sydney station 2CH, was eventually sold to John Singleton's Macquarie Radio Network. It had moved to North Sydney in 1985 after nearly 50 years occupying the top floor of the AWA tower.6 AWA-M's 'fab' was sold to Quality Semiconductor Inc. in 1996 and is now, after much further investment, owned by Silanna. AWA's service and distribution business was broken up; the distribution side was sold and became Audio Products; the information technology services business remained alongside the much larger gaming business.

After the sales of AWA to Jupiters and Jupiters to Tabcorp, and the 2004 buy-out of the IT services business, former AWA managing director John Dougall became executive chairman and a major shareholder of the 'new AWA'. Mark Rainbird, who ran the foreign exchange court cases in the early 1990s as AWA's company secretary, returned as managing director.7 As part of the buy-out, the 'new AWA' acquired from Tabcorp the business name AWA and various trademarks, though not the original company. Trademarks included 'Radiola', first registered in Australia in 1922, 'Deep Image' and the red and white circle logo that used to glow in neon at the top of the AWA Tower. Dougall says market research on the name and brand found Australians still associated it with positive values that the 'new AWA' wanted to revive - 'established, Australian, solid'. The AWA brand has been licensed to Big W, which uses it for its home entertainment products. AWA's knowledge management system for staff, agents, and franchises is called 'Ernie', after Ernest Fisk, the company's managing director from 1916-44. Meetings of AWA directors are held around the same board table used in Fisk's time, inlaid with the 'World Wide Wireless' insignia deployed by AWA and its American counterpart RCA for the international telegraph and telephone services launched in the 1920s and 30s.

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7 Rainbird stepped down as managing director in early 2013.