Job cuts fuel giant profits in Australian telecommunications

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Telstra, the semi-privatised Australian communications carrier, announced a full-year profit of $3 billion last week, 7 percent above its forecast. In the same breath it confirmed it would cut another 2,000 jobs, on top of the thousands already destroyed.

The twin declaration demonstrates that the company's profits are primarily generated by downsizing the workforce and slashing working conditions. Over 8,900 jobs have been shed this year alone.

This cost-cutting drive is now going to intensify. While Telstra increased sales by 8.3 percent to $17.3 billion, it registered a 6.2 percent increase in operating costs to $9.9 billion. A confidential Telstra report leaked last month showed the company has made substantial losses on its overseas investments, except for modest returns in Vietnam.

In 1996 Telstra recorded the biggest profit in Australian corporate history--$3.8 billion. That announcement was accompanied by the launch of 'Project Mercury,' a plan to shed one third of the workforce, eliminating 25,000 jobs over three years. Since then jobs have disappeared at the rate of 1,000 per month.

The latest 2,000 job cuts were unveiled in the midst of an industrial dispute over a new work contract. Telstra and its largest shareholder, the Howard government, are obviously confident they can continue imposing job losses without any serious opposition from the unions, the Communications Electrical and Plumbing Union (CEPU) and the Community and Public Sector Union (CPSU).

Little more than two weeks ago communication workers voted for an industrial campaign to oppose the company's demands for an increased span of hours worked, reduced overtime rates and the abolition of penalties for Saturday working. Despite 12 months of negotiations, Telstra has refused to grant an 8 percent annual wage increase over a two-year period.

The official resolution endorsed at CEPU membership meetings on August 13 left the conduct of the campaign in the hands of the union federal executive. The officials have restricted action to sectional stoppages in network operations, installation and customer services and network design and construction.

The union has not disputed the company's statements that the stoppages have done little to disrupt business. Now, a little more than a week since industrial action began, the union has called off further strikes to go back into negotiations even though Telstra has only hardened its stance.

The truth is that the union campaign was not initiated to fight the cuts, but only to let off steam and to put pressure on the company to implement its plans through the union bureaucracy.

At the August membership meetings, CEPU divisional national president Col Cooper said the union would draw a line at a staff level of 58,000--5,000 below the current total--and let it be known that further reductions 'could only be negotiated through the union'. The union has already agreed to the outsourcing of entire divisions.

Telstra workers face a profound dilemma. The union agrees with Telstra that profits must be driven up at the cost of jobs, so that the company can compete with its global rivals. Only last year CEPU argued in its journal that the new agreement must retain the consultative role of the union in imposing downsizing. 'The last two agreements have been based on the 'participatory approach',' it said 'and this has been largely responsible for the year's real profit of $3.8 billion.'

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