

Australia: Telstra to slash 12,000 jobs

Terry Cook
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On November 15, in a six-hour briefing to market analysts and media representatives, Telstra's chief executive Sol Trujillo announced plans for a radical restructuring of the Australian telecommunication company's operations, including major job shedding. In all, Telstra will axe 12,000 jobs over the next five years, around 23 percent of its current workforce of 46,000. Some 8,000 jobs will be cut within the first three years.

Trujillo declared his strategy was to make Telstra "leaner" and "more efficient" by abandoning its traditional fixed-phone network, which previously provided the bulk of the company's revenue. He declared that fixed-phone networks were "becoming redundant" in a "wireless world" and announced plans to invest heavily in new generation communications technologies "requiring fewer human resources".

The proposal involves a \$10 billion investment over the five years in fibre-optic cables and wireless broadband to provide services to the majority of Telstra customers. The changes will allow the company to cut its 334 different network platforms by 65 percent and pare back its 1,200 different business and operational support systems.

In addition, Trujillo scuttled a planned \$570 million mobile network that was to be run by New Zealand subsidiary TelstraClear. An undeclared number of jobs will be cut from TelstraClear's 1,500-strong workforce.

Put plainly, Trujillo's strategy is to bolster Telstra's "competitive position" by destroying the jobs of thousands of workers whose skills and labour have produced record profits for the company in the past.

Trujillo's announcement comes just months after the Howard government rammed legislation through parliament allowing the sale of its remaining 51.8 percent holding in the company. Despite the government having a majority in both houses of parliament, the process of fully privatising the

communications carrier has nonetheless been fraught with political problems.

The legislation heightened already existing tensions within the ruling Liberal-National coalition. National Party MPs are anxious about a backlash in their rural-based electorates where people rightly fear cuts to services by a privatised provider concerned only with the bottom line. Opposition to the Telstra sell off also ran high in urban centres.



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