

Australia: Telstra unions call limited action over enterprise agreement

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5 January 2010

Trade unions covering workers in Telstra, Australia's privatised telecommunications carrier, called limited industrial action during December in a bid to secure a new enterprise agreement (EA) with the company. In the process, the unions, together with Telstra and the federal Labor government, are keeping their members in the dark about how the EA will facilitate substantial restructuring and job cuts under the government's plans for a national broadband network.

The main union involved, the Communications, Electrical and Plumbing Union (CEPU), has admitted that it came close to finalising a deal with Telstra in November. But it was forced to announce work stoppages in early December after angry union members demanded a higher pay offer in return for the three-year agreement.

In an EA update on December 2, CEPU told its members that after "very productive discussions" with Telstra there had been "great developments": management had slightly increased its pay offer and agreed to allow arbitration in dispute resolution processes. "But as we spoke with members about this new offer, members let their feelings be known," the update said.

Hoping to bury discussion on the wider implications of the proposed EA for jobs, working conditions and basic rights, CEPU sought to confine the dispute to the issue of pay. In effect, the union urged Telstra to improve its offer by 2.5 percent to 12.5 percent over three years in order to head off rank-and-file discontent.

There is no doubt that the pay offer is paltry, particularly because Telstra workers have been denied an EA wage rise since September 2007. Union members pointed out to the union that Telstra's labour costs dropped by \$27 million in 2008-09, helping to push up its productivity rate by a staggering 16 percent. CEPU members were also furious that by the end of the proposed three-year EA, they would be at least \$10,000 a year worse off than the thousands of Telstra workers who have been placed on individual contracts in recent years.

Much more is at stake in the proposed EA, however. According to CEPU's own "EA state of play" document posted on its web site in October, the union has made crucial concessions to Telstra. A number of these concessions will directly assist the company to further slash its workforce—which has already dropped from around 90,000 to 34,000 since the 1980s—and reduce costs in order to merge a significant chunk of its operations into the government's broadband scheme. These include:

- streamlined redundancy arrangements to "assist the company"—thus facilitating retrenchments and outsourcing to contractors
- "individual flexibility arrangements" to "help company adjust hours to

suit the business needs"—enabling Telstra to further cut shift and penalty rates

• "performance pay arrangements across all designations"—tying workers to further boosting output

• differential pay arrangements and classifications for new recruits.

In addition, Telstra has insisted on retaining the non-negotiated "banding and remuneration systems" that it has imposed to cut the conditions of employees on individual contracts.

The other "great development" claimed by the union—the arbitration of disputes—amounts to a tighter union-supervised straitjacket on Telstra workers via the Labor government's Fair Work Australia (FWA) industrial tribunal. The compulsory arbitrator will be the FWA, which operates, with the assistance of the unions, to suppress industrial action by workers. In fact, this function was demonstrated on December 15 when the FWA full bench upheld an appeal by Telstra against the strike notices that CEPU had issued in early December.

The FWA ruled that the notices, which warned of a number of "indefinite" stoppages, did not conform with the government's Fair Work Act, which states that three days' notice must be given, "specifying" the nature of the intended industrial action. The full bench decreed that any strike notice must contain details "sufficient to put the employer in a position to make reasonable preparations to deal with the effect of the industrial action"—that is, to organise strike-breaking activity.

CEPU immediately conformed to the full bench decision and began issuing more specific strike notices, targeting various areas of Telstra for short stoppages and work bans, thus limiting the effect on the company's operations. CEPU, which covers Australia Post as well, also complied when the FWA ruling became a precedent to ban and delay pre-Christmas stoppages by postal workers.

CEPU's commitment to policing the Labor government's FWA regime was foreshadowed on July 1, the day that the FWA laws came into operation. CEPU signed, together with two other Telstra unions—the Community and Public Sector Union and the *Association of Professional Engineers, Scientists and Managers*—a "Principles Agreement" with Telstra to pursue a "shared objective of a productive working relationship".

As part of that partnership, Telstra indicated that it would drop its previous reliance on individual contracts and commit itself to "bargaining in good faith under the new laws with unions representing Telstra employees". In return, the unions effectively assured Telstra that they would more effectively protect its profits and share price than it could

through non-union agreements.

The pact, which was also signed by the Australian Council of Trade Unions, explicitly stated that Telstra had to conduct its business in the best interests of shareholders. Telstra and the union bodies agreed to meet at least annually to discuss “an ongoing productive relationship”.

CEPU told its members that the arrangement was a “very positive development, helping create a productive climate in which to finalise an enterprise agreement”.

Broadband network

The unions and Telstra have remained silent about the underlying content of this partnership: helping Telstra and the Rudd government implement a major restructuring of Australia’s telecommunications infrastructure.

In April, the union welcomed the government’s announcement of a National Broadband Network (NBN) that will progressively replace Telstra’s copper wire access network with optical fibre-to-premises cables. CEPU claimed that the NBN plan offered a “lifeline to Telstra” and an “opportunity for collaboration” with the rest of the corporate “telco sector”.

The government’s plan involved establishing a joint government-private corporation, NBNCo, to build and operate the \$43 billion project by 2017. Initially, the government’s stake has been set at 51 percent, with corporate investors being sought to provide \$21 billion of the equity. NBNCo will function as a wholesale infrastructure supplier, selling or leasing its networks to competing retail Internet and telephone providers, which may include Telstra.

None of the parties involved—the government, Telstra, NBNCo and the unions—have provided any information whatsoever about what this scheme will mean for Telstra and other telecommunications workers. Many aspects of the plan remain uncertain and deliberately shrouded behind closed-door negotiations between Telstra and NBNCo.

What is almost guaranteed, however, is that in order to attract the billions of dollars required in corporate investment, the plan will mean eliminating or contracting out the jobs of thousands of workers, particularly those involved in maintaining and repairing the existing copper network.

On its web site, NBNCo emphasises that its aim is to “deliver the new broadband network through the most cost effective methods”. It added: “Further along the procurement process, we’ll drive on-going competition between suppliers and partners to deliver cost savings and efficiency.”

In September, Communications Minister Stephen Conroy announced that Telstra would be forced to separate its wholesale and retail operations in order to participate in the NBN. That would mean carving up Telstra, with its existing copper and fibre infrastructure hived off to NBNCo.

Responding to Conroy’s announcement, CEPU national president Ed Husic noted that Telstra and the government had said “nothing about their

[Telstra workers] jobs, pay, conditions, redundancy”. He further admitted that NBNCo could use thousands of contractors to roll out the new fibre network.

In fact, that is already happening in Tasmania, where NBNCo’s first projects are underway. NBNCo has formed TNBC, a 50-50 partnership with state government electricity provider Aurora Energy, which has tendered the construction work to various private contractors, including Nu Energy, John Holland and Marais Lucas.

Just before Christmas, Conroy issued a brief statement welcoming a “Terms of Engagement” between Telstra and the NBNCo to discuss means of incorporating Telstra’s copper network into the NBN. Once again, he refused to reveal any details, claiming that the commercially sensitive nature of the negotiations between Telstra and the NBN company meant the government could not comment further.

On its web site, NBNCo stated that it would continue “collaborative commercial negotiations with Telstra”. At the same time, it advocated the closure of the existing Telstra network, declaring its belief that “continuing to invest in maintaining older infrastructure when a new fibre is available would not produce the best outcome for telecommunications retailers and consumers”.

While not stated publicly, the negotiations with Telstra are driven by a mutual interest in slashing the costs—and workforce—associated with the old network. In a rare media comment on this central aspect of the talks, Mitchell Bingemann wrote in the *Australian*: “The earning potential of Telstra’s copper network is not only limited by technological restrictions ... but also by the exorbitant maintenance costs the telco must sink into the network every year to keep it in operation.”

Behind the appearance of a “pay dispute” with Telstra, these are the job-cutting and profit considerations motivating CEPU’s efforts to push through a new EA, as part of its “productive working relationship with Telstra” and its backing for the Labor government’s NBN scheme.



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