

# Australia: Telstra's "Project New"—another round of job destruction

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18 March 2011

Hundreds of communication jobs and call centre positions are being wiped out as Telstra, Australia's largest communication provider, implements "Project New", its far-reaching three-year cost-cutting restructuring plan.

The latest round in the relentless job destruction carried out by the former public utility, which was privatised in three stages between 1997 and 2006, highlights the devastating social impact of the free market program pursued by Labor and Liberal governments alike over the past three decades.

While it was the former Howard Liberal government that formally sold off Telstra, the basis for the privatisation and subsequent carve-up was laid by the Hawke and Keating Labor governments in the 1980s and early 1990s, which privatised the Commonwealth Bank, the airlines and other major public utilities, while transforming Telstra into a profit-making corporation.

As a result, Telstra's workforce has been slashed from around 90,000 in the 1980s to just 34,000 today, at enormous cost to permanent employment, basic services and the training, apprenticeship and job prospects of generations of working class youth.

As a former Telstra worker myself I have seen this process gather pace. In July last year, after eliminating 1,230 jobs as part of "Project New", Telstra's chief executive David Thodey warned that "all jobs" were "on notice" and "every part of the business will be looked at."

Thodey revealed that the company had assigned 500 staff to implement 27 separate programs to cut spending on external suppliers and to improve "workforce productivity" and "reduce the company's ongoing costs". Just what Thodey meant has been made brutally clear over recent weeks.

Last week, Telstra ended its call centre contract with

Vertex Australia, a move that will result in the axing of about 250 jobs at its call centre in the Melbourne suburb of East Bentleigh, or one-third of its total 750-strong Australian workforce. Vertex immediately placed on hold its plans to open a customer support centre in Ballarat. Had it gone ahead, the new facility would have provided up to 600 new jobs in the Victorian regional city. Vertex is an unlisted outsourcing and call centre company that is active in the UK, India as well as Australia.

Just days before the Vertex shock, Telstra also ended its customer communications contract with Salmat, another of its major providers. Salmat announced that as many as 740 jobs would be axed from its call centres in regional towns in three states—Wagga Wagga in NSW, Geelong in Victoria and Bundaberg in Queensland.

Salmat handles more than 25 percent of all outsourced phone calls in Australia and has other contractual arrangements with Telstra, including production of the telco's billing statements.

In the first two months of this year, Telstra announced the closure of its Moe call centre in regional Victoria at the cost of 114 jobs, and the slashing of 80 jobs at its Telstra Countrywide Services call centre in Ballarat. In November last year, the company closed its Grafton call centre in country New South Wales, destroying 108 jobs.

More call centre contracts are likely to be axed over the next two years as Telstra moves to shift about 33 percent of its customer contact on-line, compared with 3 percent today. Telstra recruited former senior National Australia Bank (NAB) technology executive Gerd Schenkel in February to oversee the shift. Schenkel was involved in establishing NAB's online Ubank, which has also led to the further destruction of

banking industry employment.

Along with slashing call centre jobs, Telstra is reducing in-house employment through increased outsourcing. Management revealed this month that it was in negotiations with IBM, HP Enterprise Services, Tech Mahindra and Infosys to outsource 1,200 jobs in the telco's finance and accounting departments.

A number of immediate factors are driving "Project New": the ongoing global financial crisis and declines in the telco's fixed-line phone revenue, which dropped by 8.4 percent to \$2.7 billion last year. Telstra estimates that around 12 to 13 percent of Australian homes were now "mobile only".

Increasing costs associated with Telstra's attempts to capture a larger share of the rapidly expanding mobile phone and broadband market are also driving its restructuring. Macquarie Equities Research analyst Andrew Levy recently told the media that he expected Telstra's customer acquisition costs to have climbed by 39 percent to \$510 million, exceeding the \$450 million fund allocated by the telco to win more mobile customers.

The conditions for Telstra's "Project New" job destruction have been created by the complete agreement between all the parties of the political establishment—Labor, Liberals and the Greens—that every aspect of economic and social life must be determined by market forces.

Just as much responsible are the communication trade unions, which have collaborated with management over the past 30 years to ensure that its attacks could proceed unchallenged. Telstra's "Project Mercury" restructuring, which was launched with the backing of the Keating Labor government in 1993, slashed 23,000 jobs without a whimper from the unions. More recently, another 12,000 jobs were axed under then Telstra CEO Sol Trujillo.

Like previous Telstra enterprise bargaining agreements (EBAs) endorsed by the Communications Electrical and Plumbing Union, last year's agreement included streamlined redundancy arrangements to "assist the company"—i.e., to facilitate retrenchments and the further outsourcing to contractors.

The unions covering workers at the outsourced call centres have presented the latest round of job destruction as a fait accompli and refused to organise any broad campaign to stop the retrenchments. All

action has been restricted to limited protests and bogus appeals to Telstra to "guarantee" it will implement no further job cuts.

The ongoing job destruction at Telstra requires the adoption of a new political strategy and program by communication workers and the entire working class. This is outlined in the socialist and internationalist perspective fought for by the Socialist Equality Party and at the centre of its intervention in the New South Wales state election.

To oppose the continuous assault on jobs and working conditions, workers must make a definitive break with the unions that serve the interests of the employers and are the enforcers of the pro-market policies of the Gillard Labor government. A turn must be made to the construction of new independent organisations such as factory, plant and action committees to unite the struggle of workers in Telstra, the call centres and across the entire communications industry to counter the assault on jobs and working conditions.

This struggle must be guided by the fight for a workers' government that will nationalise the giant communications companies, placing them under the democratic control of the working people so that the vast advances in technology can be used to provide first-class services for all, and not exploited purely for the profit interests of the wealthy corporate elite.



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