

Australia: Telstra seeks to slash wages after announcing massive job cuts

Terry Cook
8 August 2018

Telstra, Australia's largest telecommunications company, is attempting to ram through a new enterprise agreement (EA) that will impose real wage cuts on thousands of workers. The current agreement expires in October. Negotiations for a new one have been taking place since May.

The company is offering a pay increase of just 4.5 percent over three years or 1.5 percent annually for employees covered by the 2015–18 EA. The current rate of inflation now stands at 2.1 percent, but is expected to rise amid the growing cost of fuel, power and other essential commodities.

Other Telstra workers employed under a category known as “Family Employees,” introduced after 2013 to undermine permanent jobs and conditions, will not even receive this small wage increase.

On Monday, Telstra put its EA offer directly to the workforce insisting it be voted on in a company-organised ballot over the next days. The move is aimed at preventing any serious discussion of the proposed EA and stampeding workers into accepting it.

Telstra's assault on wages comes only weeks after the company announced it will destroy 9,500 jobs over the next four years, or one quarter of the company's existing staff. This is one of the largest sackings in Australian corporate history.

The jobs cull, announced in June, is part of a broader restructure entitled “Telstra 2022” designed to slash the company's costs by \$1 billion over four years, including through a 30 percent reduction in labour costs. This target is also behind the company's aggressive current drive to cut wages.

Communications Electrical Plumbing Union (CEPU) national president Shane Murphy told the media that Telstra “is seeking to exploit the current climate of insecurity and upheaval to slip through an absolutely

insulting wage deal.” The union has called on its members to reject the company's proposed EA and pay offer.

The unions' opposition, however, is bogus. When Telstra announced the sackings, unions made clear they would not organise a campaign to oppose the downsizing. The Community and Public Sector Union (CPSU), for instance, signalled the union's basic support saying the company had a “responsibility to manage their workforce” and develop a “long-term plan that identifies jobs at risk.”

In other words, the unions gave Telstra the green light to proceed with its strategy of driving down labour costs.

The unions' real concern in calling for a rejection of the company's wage proposal is that they are being sidelined by Telstra as it moves to a more direct means of imposing its agenda. The unions fear that this threatens their privileged position at the negotiations table where they have been the main agency for the bargaining away of the jobs, wages and conditions of their members.

The last union-brokered EA, passed in 2015, locked workers into an annual pay increase of just 3 percent for three years, barely keeping up with the rising cost of living. It did not compensate for the past reduction of wage levels and the intensification of work processes fuelled by continuous downsizing via “voluntary” redundancies overseen by the unions.

The unions are now anxious that the current attack on wages, coming in the wake of savage jobs cuts, could spark opposition by Telstra workers that could quickly get out of their control.

They are fearful that any struggle by Telstra workers, who are situated in a strategic industry, could become the focal point for a counter-offensive across the

working class against the decades-long corporate-union assault on jobs, wages and working conditions.

Reflecting this fear, Murphy told the media: “This (the Telstra offer) is precisely the sort of wages agreement Australia doesn’t need right now. The EBA is a recipe for further turmoil inside Telstra and will also have negative flow-on effects by reducing the amount of money workers have to spend in the broader economy.”

Significantly, leading Liberal and Labor politicians, such as Prime Minister Malcolm Turnbull and Victorian Labor Premier Daniel Andrews, who in the wake of the June jobs cuts announcement mouthed concern over the extent of the downsizing, have remained silent over Telstra’s attack on wages.

For years, Liberal-National and Labor governments have fully backed Telstra’s continuous offensive against its workforce to destroy jobs.

Since 2001, Telstra has slashed its workforce from 48,000 to around 30,000 this year through a series of redundancies, massive outsourcing and contracting out. Some 6,000 jobs have been destroyed since 2013 alone.

This decades-long attack could only be carried out because of the collaboration of the unions, which have worked at every point as an industrial police force to suppress workers’ opposition. This included derailing the struggle against the privatisation of Telstra, a process begun under the Labor governments of Bob Hawke and Paul Keating and completed in 2005 by the Liberal-National government of John Howard.

Telstra workers should reject the cost cutting EA offer. This, however, is only a first step. The bitter experiences of Telstra workers make clear that a fight against the company’s offensive requires a break with the corporatist unions and a turn to the construction of new organisations of struggle, including independent rank-and-file committees.

Such organisations should turn out to other sections of workers, in the communications industry and more broadly, who are all facing similar attacks. They would fight to develop a unified struggle against the attacks of the corporate elite, governments and the unions.

Such a fight must be based on a socialist perspective aimed at establishing a workers’ government that would place all essential services and infrastructure, including telecommunications, under public ownership and democratic workers’ control.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact