Australia: More job cuts as Telstra divides business

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20 August 2021

The Communications, Electrical and Plumbing Union (CEPU) has begun negotiations with Telstra over a new enterprise agreement (EA) covering thousands of technicians at Australia's largest telecommunications corporation.

The formerly government-owned entity announced plans in March to split the company into four business units, InfraCo-Fixed, InfraCo-Towers, ServeCo and Telstra International.

Telstra is aiming to establish separate EAs in each of these business units, atomising the workforce and further constraining workers' already limited rights to oppose attacks on their jobs, pay and conditions. Under Australia's draconian Fair Work Act, Telstra workers will be barred from defending the rights of their colleagues in other business units.

The CEPU, which backs the entire Fair Work framework, is also facilitating this attempt to divide workers. It stated on July 23: "The Union bargaining team has not yet had time to consider this issue in any great depth, but at this stage, our position remains that—we still prefer one agreement for the Telstra group workforce."

These assertions have no credibility whatsoever. Telstra is in the final stages of a four-year restructure that the unions have enforced. The company first indicated its plans to split the business late last year, and confirmed them in March. The union does not want to openly endorse the carve-up, because of widespread opposition among workers, and so, instead, claims that it is still "considering" the issue. In the weeks since, no further statement has been issued.

The CEPU has not opposed any of Telstra's other flagged demands, and has informed members it is willing to negotiate on "all matters." The union has not yet issued any log of claims. In other words, everything is on the table, and the starting point of negotiations is what cuts to pay, conditions and jobs the CEPU is able to ram through.

Telstra is angling for increased "flexibility," including split shifts and work outside of normal hours. The company claims that some basic conditions, in the existing agreement, such as 36.75-hour weeks, 15 weeks' sick leave and its "above industry standard" redundancy package will be retained.

Telstra indicated it would also be seeking to have the changes included in a variation to the "Telstra Award 2015," which can only be altered by application to Australia's pro-business industrial court, the Fair Work Commission.

In negotiations for the current EA, the CEPU agreed to meagre pay "increases" of just 1.8 percent in 2019-20, and 2 percent in 2020-21, less than the annual increase in the cost of living at the time.

As the final touches are put on the union-management agreement, around 2,000 Telstra workers stand to lose their jobs before the end of the year. A further 1,600 workers, indirectly employed by the company, also face the scrapheap.

These cuts are the final stage in Telstra's three-year $1 billion "T22" cost-cutting program, which has destroyed at least 8,000 jobs since it was announced in June 2018.

While the CEPU has bemoaned the cuts, it has ensured that they proceed without opposition. The union has suppressed widespread anger among workers, ensured that no action has been carried out against the cuts, and has promoted the company's bogus "employee assistance" and "career transition" programs, as well as vague promises of possible redeployment for some laid-off staff.

Telstra's T22 cost-reduction plan followed a $3 billion restructure investment announced in 2016, which was the first stage in preparing Telstra for its expansion into Australia's $50 billion government-funded monopoly National Broadband Network company (NBN Co). The restructure involved creating a wholly-owned infrastructure business unit, Telstra InfraCo, with the plan that this would allow Telstra to incorporate NBN Co into its business.

Under the plan, all of Telstra's infrastructure assets, along with close to 3,000 employees, were transferred into Telstra InfraCo, which then sold its services to Telstra, to wholesale customers and to NBN Co. Rather than transferring employees across to the newly formed Telstra InfraCo, Telstra intended to terminate current employees, forcing them to re-apply for their old jobs in the new business unit. This was eventually abandoned amid widespread opposition.

Telstra's move to use Telstra InfraCo to buy into NBN Co was dealt a blow in 2019. Federal Communications Minister Paul Fletcher made it clear that Telstra's vertical structure, including retail, as well as Telstra InfraCo, meant it could not legally own the NBN wholesale network. This meant that Telstra needed to carry out further restructuring, to fully decouple its non-retail and infrastructure business.

In March this year, Telstra announced that it had begun the process of splitting its business operations into four subsidiaries, under a holding company called Telstra HoldCo, in which shareholders will hold assets. The four subsidiaries are InfraCo-Fixed (the physical infrastructure assets including the fibre and exchanges that form Telstra's fixed telecom network), InfraCo-Towers (mobile network tower assets), ServCo (the customer-facing side) and Telstra International (international business including undersea cables).

In June, Telstra announced the sale of 49 percent equity in InfraCo-Towers, to raise $2.8 billion, half of which was returned to shareholders in dividends. The sale boosted Telstra's stock by 25 percent, compared with the beginning of 2021.

This sale of Telstra's mobile towers to a well-heeled consortium, consisting of the Future Fund, the Commonwealth Superannuation Corporation and Sunsuper, was aimed at putting InfraCo-Towers in a strong position to raise the investment capital needed to expand the mobile phone infrastructure network.

Telstra CEO Andy Penn said he intended "going the same way" with InfraCo-Fixed. This would better position the subsidiary to independently raise investment capital to make a strong bid for a stake in NBN Co.

These major restructure developments will inevitably mean further attacks on the jobs and working conditions of Telstra employees. The record of the CEPU demonstrates that it will seek to impose every demand of Telstra and its ultra-wealthy shareholders. Over the last decade, the union has overseen and enforced the destruction of tens of thousands of permanent jobs, and the massive growth of insecure contract positions.

A fight against the ongoing cuts required a complete break with the CEPU. Workers at Telstra should form rank-and-file committees, independent of the unions, to coordinate a unified struggle, across the company and all of its divisions, and, more broadly, throughout the sector, to oppose all sackings and to fight for the social right to full-time, permanent employment with decent pay and conditions.

Workers must reject the subordination of their jobs and livelihoods, and crucial social infrastructure, to the profit demands of a tiny corporate elite. Telstra, and the other major telecommunications companies, must be placed under public ownership and democratic workers' control, to meet the needs of workers and society as a whole. That requires a fight for a workers' government and for socialism.