Australia: Telstra targets poor with price hike while slashing jobs and wages

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25 May 2023

Telstra, Australia's largest telecommunications company, announced last month that it will increase the cost of mobile telephone and data service by up to 20 percent from July 4. Even as it slugs customers with a price rise, the formerly state-owned provider is continuing to slash jobs and wages as part of a perpetual restructuring operation.

In a move that will sharply affect low-income earners, students and the elderly, Telstra's lowest-cost pre-paid options will see the largest cost increases. The price of pre-paid recharges offering one week of phone service and a two-gigabyte data cap will rise 20 percent from $10 to $12 (albeit with three gigabytes of data), costing an extra $104 per year. Telstra's most expensive $89 per month plan will increase in price by 6.7 percent, meaning these high-end customers will pay an additional $72 annually.

Goldman Sachs analyst Kane Hannan hailed the price increase as "good news for investors," as it "will drive strong financial year 2024 revenue growth," building upon the company's already growing financial figures.

Telstra's mobile earnings increased 13.6 percent to $2.2 billion in the December half of 2022. In February, Telstra CEO Vicky Brady presented shareholders with a half yearly report, in which she boasted of "strong and continued growth."

Income was $11.6 billion, up 6.4 percent. Earnings before tax and other costs was $3.9 billion, up 11.4 percent. After-tax profit for the six months was $900 million, meaning the company is on track to beat its 2021–2022 full-year profit of $1.8 billion.

Not content with increased revenue alone, Brady assured shareholders that she "remained committed" to Telstra's $500 million T25 cost-cutting and job-slashing restructure.

The latest round of cuts was announced in February. Telstra will slash 113 jobs, mostly in retail, where 189 staff are being asked to reapply for just 83 positions. The company says the "store-based retail operations specialist role" will be eliminated and more than 30 tasks will be automated.

This will not be the last of the job cuts. A Telstra spokesman told the *Australian Financial Review* in March that, while the company did not have "job reduction targets under T25,… we have always said that we expect some workforce reductions as technology and customer needs change."

In an email to the Communications Workers Union (CWU) in February, a Telstra employee relations manager warned that the company's consumer and small business segments, Telstra Enterprise and Products and Technology, will also be restructured to reduce roles "where work is no longer required."

Although the CWU has limited coverage over Telstra retail employees, it has treated these job cuts as a matter of fact. In its February 12 news bulletin under the heading of "Redundancies," the union said it had met with Telstra and clarified that there were to be no redundancies in the Broadband/Optical Fibre area. "The redundancies arise in the Retail area," the bulletin said.

Telstra has also announced that it will transfer around 100 field workers from its InfraCo segment to the Global Business Service division, making them a "suitable offer." Workers who refuse to accept this "suitable offer" will be forced out with reduced termination entitlements.

This should serve as a stark warning to all CWU members, including those working in parts of Telstra where the union has a larger presence. If the corporatised union bureaucracy is willing to accept the destruction of more than 100 jobs in one part of the business and a major restructure in another, it will not hesitate to enforce cuts throughout Telstra and the communications sector more broadly.

Early last year, the CWU worked hand-in-hand with Telstra management to impose sell-out enterprise agreements that slash real wages and formalise the division of workers into separate business units. The union bureaucracy adopted a "neutral" position, tacitly endorsing the management deal containing nominal pay increases of just 2.5 percent in the first year and 3 percent in the second. At the time, the official inflation rate was already at 5.1 percent and rising rapidly.

Aside from slashing wages, Telstra's aim from the beginning of negotiations was to move from a single agreement covering the whole enterprise to separate agreements for each business unit. The CWU shut down members' concerns about signing onto separate agreements and delivered to Telstra what it wanted. Under Australia's draconian Fair Work Act, Telstra workers will now be barred from taking unified industrial action to defend the jobs and rights of their colleagues in other business units.

The latest job and wage cuts are part of Telstra's T25 business growth strategy, which follows the T22 cost cutting restructure launched by former CEO Andy Penn in June 2018. T22 slashed $2.7 million in annual costs and more than 8,000 permanent positions over four years, along with 1,600 indirectly employed workers.

In 2021, Telstra established a wholly owned infrastructure business unit called Telstra InfraCo. Infrastructure assets, along with close to 3,000 employees, were transferred to this business unit which then sold its services to Telstra, wholesale customers and the government-owned national broadband network NBN Co.

This was then split into four subsidiaries: 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).

These shareholder-driven developments will inevitably mean further attacks on the jobs and working conditions of Telstra employees.

The major restructure, along with the thousands of jobs destroyed by T22 and the just-beginning cuts under T25, would not have been possible without the complete collaboration of the CWU bureaucracy. But this is nothing new—the union has demonstrated over decades that it will impose every demand of Telstra and its financial backers.

The CWU, previously known as the Communication Electrical and Plumbing Union (CEPU), has overseen the destruction of tens of thousands of jobs since Telstra (then Telecom Australia) carried out its "Project Mercury" restructuring, which was launched with the backing of the Keating Labor government in 1993.

In 1980, Telstra had a workforce of around 90,000. By 2015, this had been slashed to 36,000 full-time employees and 38,000 contractors. Today, the company has just 26,000 full-time workers and 19,000 contractors.

To defeat the endless series of cuts and restructuring operations, Telstra workers will need new organisations of struggle. Rank and file committees must be built, to provide an avenue for workers to democratically discuss these issues and formulate a response, independently of the union bureaucracy.

This will also serve as a means for workers to link up with other workers across Australia and globally, in the telecommunications sector and more broadly, and take up a unified struggle against all cuts to jobs, wages and conditions.

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