Australia: Telstra cuts another 500 jobs as restructure continues

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Telstra, Australia's largest telecommunications company, last week announced the axing of almost 500 jobs. The cuts are part of its T25 restructuring plan, aimed at slashing costs by $500 million by the end of 2025.

The cuts will be mostly in the company's enterprise division, which includes data, connectivity and network services for large corporate clients. The job losses will be achieved through increased digitisation, automation and other new technology, replacing legacy products and services.

The Communications Workers Union (CWU), which covers only some of the affected workers, but has substantial membership in other parts of Telstra, is working to ensure there is no organised opposition to the latest round of job cuts.

In the union's July 23 news bulletin, under the heading "Telstra Redundancies Again," members were told matter-of-factly that the company had "announced significant job cuts" earlier in the week.

The CWU reported that some jobs would be moved offshore, with Telstra admitting "the remuneration is below that paid in Australia." The union accepted at face value Telstra's assurance that "If there are no volunteers, then no one will be made redundant."

The sole course of action proposed by the CWU bureaucracy was for workers who "have any issues arising from these redundancies" to contact the union. In other words, this is a matter for the individual workers who have been sacked, and under no circumstances should the other 29,500 workers at Telstra be involved in a struggle to defend the jobs of their colleagues.

The union bureaucracy took the same position in February, when more than 100 retail jobs were eliminated at Telstra, on the basis that the bulk of its members in the Broadband/Optical Fibre area were not affected. As the latest cuts make clear, no jobs at Telstra are safe from management's axe.

Telstra is proceeding with the deepening job cuts even after slugging customers with price rises of up to 20 percent earlier this month, and despite the company's strong financial position.

Telstra CEO Vicky Brady presented shareholders with a half yearly report in February 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 was on track to beat its 2021–2022 full-year profit of $1.8 billion.

Appreciating that stock holders would not be content with increased revenue alone, Brady assured them that she "remained committed" to Telstra's $500 million T25 cost-cutting and job-slashing restructure. 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."

With rapid advances in telecommunications and computing technologies in a highly competitive industry, Brady is under pressure from shareholders to maintain profits. Revenue from some of Telstra's traditional telecommunications services has been declining under competition from companies such as Cisco Systems, Juniper Networks and Megaport that provide software-defined wide area network (SD-WAN) services.

These services allow businesses to manage their data through cloud-based networks rather than physical centres, and are typically cheaper to use. Analysts from financial services provider Morgan Stanley say traditional telecommunications such as those provided by Telstra were not designed to handle the demands of remote working and mobile-based applications.

"With greater numbers of applications moving to the cloud there is more strain on bandwidth, which has spearheaded growth of the SD-WAN market," a Morgan Stanley report said, warning the transition was a "net negative" for telecommunications companies with big fixed-line businesses, such as Telstra.

Morgan Stanley estimates that revenues in Telstra's $900 million data and connectivity business are declining by about 10 percent annually, making it more reliant on mobile and infrastructure operations to maintain profits. This means Telstra will be seeking to impose further productivity increases and cost savings through cuts to jobs, pay and conditions in all areas of its business.

The ongoing T25 job cuts follow the T22 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.

The axing of this large number of jobs 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.

The overhaul was aimed at preparing the grounds for privatisation, which was carried out under the ensuing Howard Liberal-National Coalition government with no opposition from the unions. Underscoring the completely bipartisan character of the pro-business program, the Labor administration of Prime Minister Julia Gillard finalised the sell-off in 2011 by relinquishing the government's remaining Telstra shares.

While the privatisation has been a boon to powerful corporate interests, it has been accompanied by almost endless restructuring aimed at boosting profits.

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.

Telstra workers must learn from these developments. To defeat the endless series of cuts and restructuring operations, workers will need new organisations of struggle. Rank-and-file committees must be built to unite all Telstra workers, including field technicians, IT, retail, administration, full-time and contract workers. These committees would provide an avenue for workers to democratically discuss the attacks they confront and plan a counteroffensive, 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 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.