Australia: Telstra slashes 2,800 jobs in latest profit-driven restructuring

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Australia's largest telecommunications provider, Telstra, announced Tuesday that 2,800 jobs—9 percent of the workforce—would be slashed by the end of the year.

The first to go, in July, will be 377 workers in the company's enterprise division, where 472 positions were already slashed last year, but the restructuring operation will destroy jobs throughout the organisation.

The sackings, along with other cost reduction measures, are expected to cut $350 million in yearly expenditure. This falls short of the company's T25 restructuring target of $500 million in annual cost savings, leaving open the possibility of further cuts in the first half of next year.

Telstra's is the largest job cut announcement by an Australian company so far this year, but takes place in the context of a broader attack on working-class jobs and wages. This was reflected in an increase in the official unemployment rate to 4.1 percent last month, up from 3.9 percent in March.

Professor John Buchanan, from the University of Sydney's business school warned that Telstra's job cuts are a sign that "cracks" in the jobs market are becoming "more evident."

Federal Labor Treasurer Jim Chalmers feigned concern over the cuts, declaring that Tuesday was "a very distressing day" for Telstra workers and their families. But the reality is that the company is carrying out the explicit policy of Labor and the Reserve Bank of Australia, which is to drive up unemployment in order to suppress workers' demand for increased wages.

The latest cuts were announced by Telstra CEO Vicki Brady in a market update call on Tuesday. Brady said the "reset" of the enterprise unit was prompted by that division's 66.7 percent drop in EBITDA (earnings before interest, taxes, depreciation and amortisation).

However, the company as a whole was on track to meet previous EBITDA expectations of around $8.3 billion in 2023–2024, increasing to $8.7 billion in 2024–2025, Brady said. Financial results released in February show that Telstra's net profit after tax for July–December was $1 billion, an 11.5 percent increase over the same period in 2022.

Having laid out this rosy outlook, the CEO offered no specific explanation for the other more than 2,400 job cuts, except that it was part of Telstra's broader strategy of slashing costs to drive up profits and shareholder returns.

Brady told Telstra workers in an all-hands meeting, reported by Nine media, "as we make difficult choices, we're thinking about customers."

This is a cynical fraud, starkly illustrated by the fact that the job cut announcement came the same day that Telstra customers were notified that the price of home internet service would increase by around 5 percent on July 1.

Brady also announced an end to the pegging of mobile phone plan price increases to CPI, established two years ago under conditions of soaring inflation. While this means there will not be an immediate price rise in July, it opens the door to larger and more frequent increases in future.

Brady also sought to spin the job cuts as being in the interest of "mum and dad" investors, telling workers, "About 80 per cent of Australians own an interest in Telstra, either directly in shares or through their superannuation. So there are a lot of people that also rely on Telstra to be sustainable and successful."

The Communication Workers Union (CWU), which covers many Telstra workers, claims it was blindsided by Tuesday's announcement. CWU national assistant secretary James Perkins said on 2GB radio he was "absolutely shocked and devastated" by the news.

It was clear from his comments, however, that the CWU has no intention of mobilising workers in defence of their jobs. Perkins' central objection was that the union bureaucracy had not been given a seat at the table to plan

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the decimation of the workforce.

"[U]nions have great ideas about helping companies to be more efficient, to be more effective," he complained, "but companies like Telstra don't even want to engage in those conversations."

In the unlikely event that "those conversations" are not already well underway, they soon will be. Brady flagged in her announcement that the job cuts would "require consultation" with the unions.

It is through such close consultation with the CWU and other unions that Telstra has carried out the mass destruction of its workforce over decades.

This process began in earnest under the union-backed Hawke and Keating Labor governments between 1983 and 1996, including with the 1991 transformation of Telstra (then called Telecom) into a profit-oriented company.

This, along with the refusal of the unions to fight the destruction of some 25,000 jobs under "Project Mercury," paved the way for Telstra's privatisation, started under the Howard Liberal-National government in 1997 and completed under the Gillard Labor government in 2011.

Since then, the company has carried out an endless series of cost-cutting restructuring operations, destroying jobs in order to boost profits and shareholder returns. The current T25 restructure was preceded by T22, launched in 2018, which axed more than 8,000 permanent positions along with around 1,600 indirectly employed workers.

In 1980, Telecom had a workforce of around 90,000. By 2015, this had been slashed to 36,000 full-time employees and 38,000 contractors. Prior to Tuesday's announcement, Telstra's direct workforce numbered just over 31,000.

None of this would have been possible without the total collaboration of the CWU and other union bureaucracies, which serve as an industrial police force, suppressing workers' opposition to attacks on their jobs, pay and conditions and delivering everything management demands.

In mid-2022, in the wake of the T22 cuts, the CWU adopted a "neutral" position on a sub-inflationary enterprise agreement offer. This tacit endorsement from the bureaucracy ensured that workers were locked in to three years of real wage cuts.

The 2022 agreement also formalised the division of the company into four separate business units, atomising the workforce and further constraining workers' already limited rights to oppose management attacks, under the draconian union-backed Fair Work Act.

Telstra workers should draw sharp warnings from these experiences. Again, enterprise bargaining is taking place under the shadow of mass job cuts. As long as the CWU and other union bureaucrats are in charge, this will be used to coerce the remaining workers to accept further cuts to their wages and conditions, based on phony promises that this will prevent the further destruction of jobs.

This bankrupt perspective must be rejected. The slashing of 2,800 jobs must be defeated as a first step in the fight for real improvements to wages and conditions for all Telstra workers. But this is impossible within the framework of the union bureaucracy.

Telstra workers will have to take matters into their own hands, including through the formation of workplace rank-and-file committees. Such committees, democratically led by workers themselves, must demand the immediate reinstatement of the 377 workers already sacked, the scrapping of all 2,800 planned cuts, and a guarantee that no further jobs are destroyed.

Telstra workers are not only up against the company's management and shareholders, but the overall job-slashing agenda of the ruling class and the Labor government. To fight this, Telstra workers need to link up with the broadest layers of workers, throughout the communications sector and beyond, who all confront attacks on their jobs, wages and conditions.

To end the cycle of endless profit-driven restructuring, a fight must be undertaken for a workers' government that would implement socialist policies. This includes placing public utilities, such as communication, and the major banks and corporations under public ownership and democratic workers' control. Entities such as Telstra must be operated to meet the needs of workers, and of society as a whole, not the profit interests of corporate executives and ultra-wealthy shareholders.

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