communication workers union
CWUnion National

E-BULLETIN Telecommunications

#1. Friday, 13 February 2015

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1. CWU secures key Telstra award conditions

The CWU continues to be successful in protecting core award entitlements for Telstra employees.

In January, the Fair Work Commission Full Bench issued its decision to make a new modern enterprise award in Telstra and the order to make the award was made on Monday 9 February.

Although under the current system it is the Commission itself that decides on the content of the award, not Telstra or the union, the terms of the new award generally reflect those agreed between Telstra and its unions.

Key features of the new award are:

- Retention of the 36 ¾ hour week;
- Retention of overtime rates, plus removal of the provision for employees to work ordinary hours on a Saturday morning (i.e. all Saturday work, other than shift work, attracts overtime payments);
- Retention of on-call and emergency duty provisions;
- Retention of those allowances which are still current in Telstra;
- Retention of the 15 days per year (cumulative) personal leave entitlement;
- A new award (as opposed to agreement) redundancy entitlement of up to 40 weeks' pay.

Agreement on the content of the award was reached after nearly two years of negotiations and several months of conciliation by the Fair Work Commission.

Because no modern enterprise award had been made before this one, we asked the FWC to give some broad guidance on the approach the Full Bench was likely to take. The CWU was particularly concerned about how the Commission would view conditions that dated from Telstra's past life as a public sector monopoly, such as the 36 ¾ hour week and the 15 days personal leave.

The message we took away from the Commission was that the best way of protecting these conditions was to reach agreement with Telstra on an agreed across the board "package" that could be presented to the Full Bench. It was this message that guided the CWU's and other Telstra unions' approach to the discussions.

The FWC has still not actually made the order for the new award to come into effect because of some minor technical amendments to it that were required. A more detailed report will be made available to members when the FWC order is issued.

2. Telstra award creates new redundancy entitlements

The redundancy entitlements in the new modern Telstra award represent an important gain for CWU members and all other Telstra workers.

A new entitlement of a maximum 40 weeks payout was agreed to during negotiations. This is in contrast to the maximum of 16 weeks that employees are entitled to under the Telecommunications Services Award which Telstra originally wanted to have apply to its employees.

It is also an improvement – to say the least- on what's in the only other relevant award, the Telstra Employees Conditions of Redundancy Award, which contains no payout entitlements at all.

Of course even the new 40 weeks entitlement is not as good as the 80 weeks in the Telstra Enterprise Agreement. But that doesn't mean that the 80 weeks entitlement is now somehow more at risk than it was before.

The opposite is the case – the award "floor" is now higher.

Some members have expressed concern on this point. What needs to be remembered is that the award provides a **minimum** conditions safety net for bargaining. The 80 weeks redundancy payout is protected by the Enterprise Agreement and can only change if that agreement changes.

And that can only happen if employees vote for such a change – which is hardly likely.

Meanwhile, the new 40 weeks provision represents the best result achieved to date in any private sector modern award.

3. Telstra reports record profit for half year 2015

Telstra has reported a record $2.1 billion profit for the first half of the 2015 financial year, a 21.7% increase on a year-on-year basis.

Above all the result reflects continuing success in the mobile market, with revenues growing by 9.6% and the number of mobile subscribers increasing by 366,000 over the half-year to December 2013.

But Telstra also reported positive revenue growth across most of its products with the exception of fixed services and Data and IP.

In the fixed area, voice products have continued to decline although more slowly than in previous years while fixed data revenue grew by 7.9%.

Overall, this growth has been enough to offset the impact of the sale of Telstra's Hong Kong-based mobiles business, CSL on total sales revenue, allowing Telstra to achieve a total sales revenue increase of 0.6%. Excluding CSL, total income growth was 6.2%.

The sky's the limit: Telstra profits soared 21.7% over the 2014 calendar year.

These are strong results in a market where revenue growth has been flat for some time and where companies have relied largely on cost cutting to maintain increases in overall earnings.

They represent a positive context for the negotiation of a new Enterprise Agreement in Telstra, due to kick off by the end of May this year.

Not that we expect that Telstra will open its pockets freely to its employees.

CEO David Thodey has told investors that the company's cost control programme, which delivered nearly $0.2 billion in "productivity" benefits over the half year, would be ongoing. That is likely to mean pressure on current working conditions or more job cuts or both.

But with healthy revenue and profit growth – not to mention a steadily increasing flow of cash from its NBN agreements -Telstra can certainly not cry poor in 2015.

4. Optus reports drop in profits, but healthy increase in revenues

Optus revealed its third quarter (December) results on the same day Telstra reported, providing the basis for an immediate comparison of the way the two largest telcos in the Australian market are travelling.

While Telstra continues to report strong profit growth, Optus has reported an 8.2% fall in profits for the December 2014 quarter. This headline result, however, is somewhat misleading as a guide to Optus' actual performance.

Optus CEO, Allen Lew, has told analysts that the profit drop resulted largely from an increase in finance costs rather than from problems at an operational level.

At that level, in fact, Optus' results track Telstra's fairly closely, with the company reporting operating revenue growth of 6% and mobile sales revenue growth of 9.3%.

And while Optus still lags behind Telstra in both mobile subscriber numbers and mobile revenue per user, it is being successful in migrating its 3G customer base across to the higher revenue 4G platform which Optus says will cover 90% of the population by the end of March.

Over the last two years, Optus has struggled to achieve revenue growth and has relied on cost reductions (i.e. job cuts) to maintain profits. Investment in its 4G network is now beginning to return dividends. That should be good news for employees as a new round of enterprise bargaining looms.

5. Overtime or emergency duty? Telstra drops attempt to short change employees

The CWU and Telstra have resolved their dispute over emergency duty– at least for the time being.

As reported in the last E-bulletin for 2014 (#23), last December the CWU notified the Fair Work Commission of a dispute over the correct payments due to Telstra employees when they are called back to work after ordinary hours.

The CWU view is that the current Enterprise Agreement is perfectly clear on this point.

Employees can only be recalled to work after they have gone home under two circumstances – either under the Emergency Duty provisions or under the Essential Customer Servicing arrangements.

The first attracts a 200% penalty. The second involves a schedule of payments for being on-call on top of normal overtime rates.

Management at the Global Operation Centre however were attempting to call staff back to work and then only pay them ordinary overtime rates.

Following mediation conducted by Commissioner Gibb, Telstra has agreed to abide by the terms of the EA as they currently apply.

Management have flagged, however, that they want to revisit this issue in the coming Enterprise Agreement negotiations. Watch this space!

6. Coalition government stymies NBN Co. pay rise

Negotiations with NBN Co for a number of new Enterprise Agreements, including one covering CWU members, have been stymied by the federal government.

The government is determined to impose its public sector pay policy on each and every public sector worker – and that includes NBN Co staff. So no pay rises in NBN Co, at least for those covered by agreements, unless employees agree to productivity “off-sets” i.e. trade-offs of conditions.

Although negotiations with NBN Co had not been finalised at the end of last year, the company had indicated that it would consider a real pay rise (i.e. above inflation) without any major changes to conditions. But that is evidently not good enough for Employment Minister Eric Abetz.

Not, mind you, that there are not plenty of other areas were efficiencies could probably be achieved in NBN Co.

Employment Minister Eric Abetz: his bargaining guidelines mean real wage cuts and/or loss of conditions for Commonwealth public sector workers.

NBN Co's last annual report shows there were just under 3,000 people employed there at June 2014. This is a large number for a company barely beyond start-up phase and based on a model which minimises direct employment at the operations level through extensive use of outsourcing.

The CWU does not take pleasure in seeing anyone denied a pay rise or put out of work. But if the government is looking for productivity gains, perhaps instead of hitting award-based employees it should start closer to the top.

NBN Co has now advised the CWU that it will soon be putting a revised proposal on the table. Members will be kept informed of further developments.

7. ACMA bargaining recommences

Negotiations for a new Enterprise Agreement (EA) in the Australian Communications and Media Authority (ACMA) are due to recommence.

As reported over a number of E-bulletins, these negotiations have progressed slowly since they began in August last year.

The chief obstacle has been the federal government policy of demanding "productivity offsets" i.e. reduction of working conditions in return for pay rises – even ones that are below inflation.

This policy is being applied to Commonwealth employees across the board. So far it has been rejected by everyone except the armed forces personnel who have no say in the matter.

It is hard to see how much progress can be made in the ACMA negotiations until there is some movement by the government in this area. CWU members will nevertheless be advised of any developments.

8. Broadcast Australia: ABC cuts produce redundancies

The Abbott government's cuts to the ABC will hit CWU members in Broadcast Australia.

Late last year, Broadcast Australia (BA) advised the CWU of changes to its contract with the ABC as a result of the ABC decision to reduce the number of its services. That decision was in turn made in response to cuts to the ABC budget – cuts Abbott had promised before the election wouldn't happen!

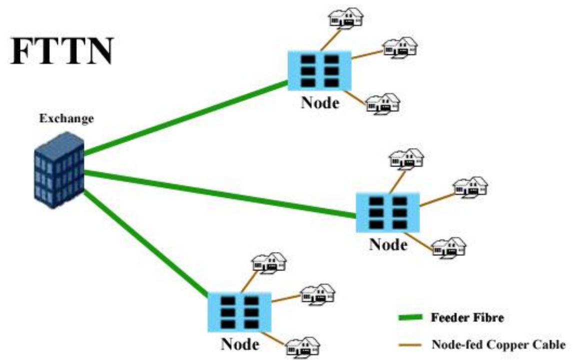
The ABC will reduce the number of short wave services transmitted from Shepparton, Victoria, from 6 to 3 and have closed down the 2 radio services transmitted from Brandon, Queensland. As a result, a number of BA positions in the Radio Australia team are redundant.

The CWU met with Radio Australia on Friday 13 February to discuss options for the affected employees and the future operations of Broadcast Australia.

Negotiations are ongoing. Fundamentally, however, the CWU believes the federal government should restore funding for the relevant Radio Australia services which fulfil an important function in providing a voice for Australia in Asia and the Pacific.

9. Telstra NBN design contract means jobs for Telstra employees

E-bulletin readers would by now be aware that Telstra has won a contract to design the wireline network elements of the Coalition government's NBN#2 – the mixed platform network that will utilise elements of existing copper and HFC infrastructure as well as using fibre where appropriate.



The $390 million contract is for four years and should provide a steady flow of work for those Telstra employees with design skills and for those who can be retrained into such roles.

Telstra has already begun new training programmes in the design area in response this increased demand. It remains to be seen, however, how quickly it can ramp up its internal capabilities, depleted as they have been by ongoing redundancies.

During the last 18 months the CWU has had some success arguing for the retention of employees with design skills in anticipation of Telstra's eventually being called in to the NBN project to help address the lack of design expertise in the wider industry.

The lack of such skills within the contractor companies has seen network design work sent offshore – with predictable results. The CWU has sighted local design documents showing fibre runs which were in fact blocked by trees or railway crossings. We have had direct feedback from sub-contractors on the uselessness of much of the NBN local FTTP network design documentation.

Such a situation represents a completely unacceptable waste of public money as well as a missed opportunity to create skilled jobs in Australia. Both Telstra and NBN Co now have an opportunity- and a responsibility - to see it is not repeated.

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