communication workers union CWUnion Australia

E-BULLETIN Telecommunications

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1. CWU still pursuing testers' underpayment case

The long-running case relating to the underpayment of Telstra testers is due back in the Melbourne Magistrate's Court on 29 April.

This issue arose in 2012 when a number of testers who had been employed under individual contracts (AWAs) decided to come onto the newly negotiated Telstra Enterprise Agreement 2012-2015.

A disagreement immediately arose about their correct banding level. Telstra said that they were CFW5s. The CWU argued that they should be CFW7s. The CWU decided to pursue the issue as a case of underpayment and the matter has been before the courts ever since.

While the case has been proceeding – slowly – the CWU has also been conducting negotiations with Telstra with a view to getting some form of back payment for these members. The two originally involved in the case when it began have since been made redundant as have a further nine Telstra employees involved in the case, all casualties of the reorganisation that saw Victorian tester jobs sent interstate and offshore.

The CWU hopes to be able to achieve a fair settlement of this issue without having to spend more time in the courts. If not, however, the matter will proceed to trial.

2. FTTB roll-out: NBN Co moves to fill policy vacuum

NBN Co will accelerate its roll-out of Fibre-to-the-Basement (FTTB) to multi-unit dwellings (MDUs) in a bid to thwart the plans of fibre competitor TPG.

New NBN Co CEO Bill Morrow (formerly of Vodafone) announced the move in the absence of any clear policy direction from the Coalition government.

The government's current Vertigan inquiry has been asked to consider the legality and the implications of TPG's plans to roll out fibre to some 500,000 MDUs in urban Australia. But while the inquiry ponders these questions, the TPG roll-out is going full steam ahead.

The NBN was supposed to be a wholesale monopoly – an arrangement which would allow it to cross subsidise loss making rural services from profitable urban ones. But TPG, using an apparent loophole in NBN-related legislation, is now targeting some of the most profitable customers within the NBN footprint.

This threatens the whole policy framework on which the project is based.

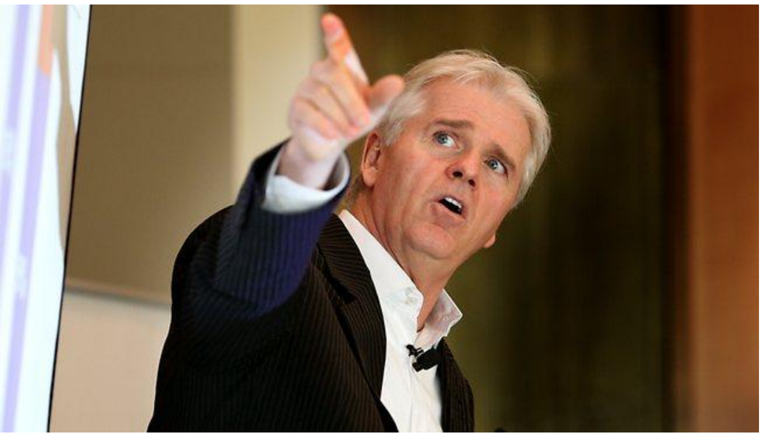
Bill Morrow is clearly not going to wait for answers from the Vertigan inquiry. NBN Co will begin by rolling out fibre to locations such as Haymarket in NSW, Fortitude Valley in Queensland and South Melbourne, with services beginning as early as mid-year.

Meanwhile it is reported that the company is also considering a legal challenge to TPG's interpretation of the current legislation.

3. NBN competitors should pay levy, says Morrow

Carriers rolling out high speed broadband in competition with NBN Co should pay a levy to help subsidise rural services according to NBN Co CEO Bill Morrow.

The suggestion comes as TPG continues to pursue its plans for a Fibre-to-the-Basement (FTTB) roll out targeting high value customers in urban apartments and offices.



NBN Co CEO Bill Morrow: cherry-picking competitors should be taxed.

The move will undermine NBN Co's ability to fund rural services through internal cross-subsidies, especially if it encourages other carriers to enter the market. Both Telstra and Optus have said that if TPG was allowed to compete with NBN Co they would consider roll-outs of their own.

That, as Morrow pointed out, would lead to NBN Co's ability to cross subsidise spiralling further downwards.

"If you're still going to build to rural areas – which we don't see people like TPG say they're going to do," he said, "then that means we have to gain even more subsidy from the metropolitan areas to which we are serving."

"That means that the difference between somebody like a TPG coming in to cherrypick, versus what we have to charge, is even greater and therefore of more interest for other [carriers] to come in," Morrow pointed out.

Does the problem sound familiar? Here we have exactly the same issues and the same dynamics that arose with the introduction of carrier competition in the 1990s. How should unprofitable – or at least low margin – services in rural and regional areas be funded if not through regulated monopoly?

It can now be seen that,
whatever its merits, the wholesale-only NBN model has in itself done nothing to resolve the long standing tension between social and competition policy in telecoms – it has simply moved it to different location.

4. What's Telstra's NBN deal really worth?

Telstra could make as much as $98 billion out of its NBN deal, according to a confidential report given to the NBN Co Board in May last year.

The report was prepared by Goldman Sachs in response to the Coalition parties' release of their NBN blueprint in April 2013. It provided an estimate of the total cash payments that NBN Co would make to Telstra under the current Definitive Agreements and under the Coalition's model over a 55 year period.

According to Goldman Sachs, Telstra is set to receive some $88 billion over that time from the leasing of its infrastructure – ducts, dark fibre and exchange space – in addition to compensation for the disconnection of its customers as the NBN is roll-out. And, Goldman Sachs suggested, it may get a further windfall if under the Coalition it is allowed to use its HFC network for broadband services.

Rivers of gold: Telstra could receive up to $98 billion from its NBN deal.

So what happened to the $11 billion that we were initially told the Telstra deal was worth? Around $5 billion of that was for infrastructure services and disconnection payments? How did that turn into $88 billion?

The difference is in the way the value of the deal to Telstra is calculated. The $5 billion figure is an estimate of the value to Telstra, in today's money, of the future flow of payments it will receive, taking into account factors like inflation and risk.

The $88 billion is the actual cash Telstra can expect to receive up to 2067. At that point, Goldman Sachs calculates, Telstra will be receiving just under $3 billion a year in infrastructure lease payments.

This is truly the gift that keeps on giving. CWU members should bear this in mind when Telstra next cries poor during EA negotiations.

5. TPG fined for 000 breach

In an industry first, TPG has been fined $400,000 for failing to provide emergency call capabilities to a number of its customers.

TPG claimed that it was a software problem that led to nearly 6,000 telephone services being unable to call 000 between March and September 2011. During that time 193 calls had been attempted from 100 of those services.

The customers involved had failed to maintain an appropriate credit level on their accounts and so had been effectively disconnected. But under current law, a carrier must provide its customers with the ability to make emergency calls even if other services are cut off.

The Australian Communications and Media Authority successfully pursued TPG in the Federal Court over this breach.

ACMA chairman Chris Chapman said this was the first time his organisation had instituted proceedings against a carrier for contraventions of the determination. "This decision is a reminder for all providers that the obligation to give triple zero access is of para- mount importance," he said. "All Australians need to be assured that any call they make to the triple zero emergency call service will be connected."

6. Work till you drop: Coalition considers extending pension age

Treasurer Joe Hockey says that he expects that his generation will have to work longer than those before it. Observers say this is the strongest indication yet that the Coalition intends to lift the pension age to 70 – if not in this budget, then sometime in the not-too-distant future.

It's true that around the world countries are extending the age at which working people will be eligible for the aged pension. Commonly the move is from 65 to 67, as it is in Australia where the new rules will be phased in between 2017 and 2023.

But moving to 70 is likely to be a step too far for many workers, especially those who have spent their lives in physically demanding occupations. And, unions argue, it is the wrong approach to dealing with the impact of increased life expectancy on government finances.

"Changes to the age pension ignores the reality that while life expectancy may have risen, the ability of Australians to work in physically demanding jobs or maintain secure employment hasn't risen with it," ACTU President Ged Kearney says.

"If the Government wants to reduce budget pressures as the population ages, it should strengthen the superannuation system rather than raise the pension age."

Ms Kearney also said that Instead of making older Australians work for longer Mr Abbott should be outlining a plan to stem the catastrophically high youth unemployment rate.

"Youth unemployment is at its highest level in 10 years – that means in seasonally adjusted terms over 250,000 young people are looking for work but can't find it."

Getting these people into productive work is a better way to strengthen the nation's finances than penalising those who have already made their contribution, she said.

7. May Day 2014

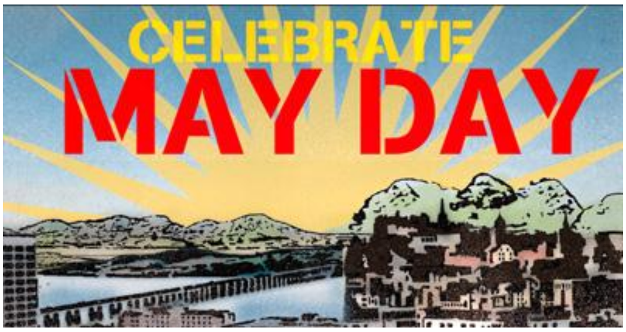
May Day – the international workers' day – is just around the corner.

May Day falls officially on 1 May but in Australia it is sometimes celebrated just before or after that date depending on where it falls. This year 1 May is a Thursday so in some states marches and other events to mark the day will be held on the following weekend, 3-4 May.

May Day has its origins in the fight for the 8 hour working day, particularly in the United States where in 1886 the American Federation of Labour adopted an historic resolution which asserted that "eight hours shall constitute a legal day's labour from and after May 1st, 1886".

In Chicago, strikes and large demonstrations in support of shorter working hours began on 1 May and continued for several days. But the movement was met with violent suppression, including the execution on trumped up charges of four of its leaders.

The international workers movement of the time responded by declaring that 1 May would be the day when all working people remembered that event and continued the fight for the shorter working week.



Since then May Day has provided an occasion where many issues other than working hours are brought to public attention. This year, CWU members can expect to see the union's Hands Off Aussie Post banners displayed prominently.

But at a time when Australians are spending longer and longer at work – and often not being paid for it - it is also worth remembering the basics: the fight for a decent work/life balance that May Day represents.

Check with you local Trades and Labour Council to find out what's happening in your State.

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