E-BULLETIN Telecommunications

#18. Friday, 3 October 2014

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1. Telstra flags further Service Delivery redundancies

Telstra has advised the CWU that it is proposing to cut a further 49 jobs from the Field Professional Services section of Service Delivery, 22 from Enhanced Technical Services and 27 from Wideband.

Redundant? Field techs should be used in the FTTN roll-out.

In both cases, Telstra says that consolidation of existing team structures is a major driver of the redundancies. In the case of Enhanced Technical Services it also cites a decline in Data Installation and Maintenance work in some areas.

The union received an initial briefing on the proposal on 2nd October. According to Telstra, the Enhanced Technical Services redundancies reflect efficiencies at Front of House, with more service assurance issues now being resolved at this level rather than requiring a CT visit to the customer.

In the Wideband area, the redundancies flow from the new team structures which involve, among other things, the downgrading of a number of CFW 7 positions to CFW 4s. About a quarter of the Wideband redundancies are at CFW 7 level.

The union has asked for more detailed information about the classification structures of these teams and their proposed mode of operation.

The other obvious question we asked is why these employees are being made redundant at a time when the demand for skilled field staff looks set to increase as a result of the FTTN roll-out.

While Telstra's role in the new NBN multi-technology roll-out is yet to be fully defined, it is likely to involve more demands on its workforce than has been the case to date. Making staff who could be deployed on NBN work redundant is short-sighted and potentially contrary to the terms of Telstra's $100 million training deed with the Commonwealth.

Telstra says that Field Technical Services is liaising with its internal NBN group to assess redeployment and retraining opportunities. The CWU has asked for a report-back on these discussions before the consultation period on these proposed redundancies ends.

The CWU also seeks input from members about the implications and impacts of the changes to team structures which Telstra is undertaking. Please contact your state branch now if you are affected.

2. Optus: outsourcing and off-shoring continues

Optus says it plans to shed up to 80 jobs from its Customer Division, with over half of the positions to be either outsourced within Australia or offshored.

The redundancies come from several areas and reflect the ongoing rationalisation of positions that has been occurring in the Customer Division over the last 9 months.

The jobs being offshored come largely from the Digital and Onboarding area. Virtually all of the current 14 mobile porting positions in this section will be relocated in the Philippines. (One may be kept on-shore for regulatory purposes.) A further 22 sales support jobs from Digital and Onboarding will also be offshored.

In the Customer Service Assurance area, 13 roles relating to HFC network maintenance will be outsourced to current Optus contractor, BSA.

The remaining redundancies arise from either centralisation or decommissioning of certain functions. The technical delivery support function in Digital and Onboarding will be centralised in Sydney, leading to 4 potential redundancies in Melbourne. Relocation opportunities, including support with relocation expenses, will be available those affected.

The remaining job losses arise from the shut-down of Operator Service which Optus says no longer experiences significant traffic volumes. 27 jobs will be lost as a result.

3. Visionstream jumps the gun with EA ballot

Visionstream has effectively broken off negotiations for a new Enterprise Agreement (EA) and has put its proposed agreement out to employees for approval.

Both the Communications Division (CWU) and Electrical Divisions (ETU) of the CEPU have been involved in negotiating the agreement which covers Visionstream's telecommunications field staff.

It is the first time such an agreement has been renewed for nearly a decade and the first agreement which has involved union negotiators for even longer.

In a hurry. Visionstream has put a new EA out for a vote before negotiations were finalised.

Unfortunately, the shock of the new seems to have been too much for Visionstream and it has now reverted to type, rushing the half- negotiated EA out to employees before agreement with their representatives had been reached.

The CWU had welcomed the opportunity to reach an agreement which delivered a fair outcome for members, reflecting current industry standards. Members must now decide whether, on balance, the proposed agreement meets these objectives, bearing in mind that a number of issues remained unresolved when negotiations were abandoned.

These include payment for travelling time, portability of long service leave and availability of RDOs for all those covered by the EA.

Members should also note that under current workplace laws, Visionstream is required to give employees a copy of, or access to, the proposed EA at least seven days before they are asked to vote on it. Any members who have not received such notice should contact their state branch immediately.

4. ACMA bargaining update

Negotiations for a new Enterprise Agreement (EA) with the Australian Communications and Media Authority (ACMA) continue.

ACMA has now tabled a “streamlined” agreement which the CWU and other bargaining representatives are going through point by point. At this stage, no agreement has been reached on any of ACMA’s proposals. However, the CWU and other unions are continuing to bargain in good faith, despite the difficulties presented by the Abbott government’s policy approach.

As reported in earlier E-bulletins, the federal government has issued instructions that Commonwealth agencies and departments must not give employees pay rises unless they are “off-set” by productivity gains i.e. cuts to existing conditions.

The Abbott government is trying to impose tough rules for public sector bargaining.

In fact, it seems that even accepting a pay freeze is not enough to protect current entitlements. The government has already knocked back at least one proposed agreement that did just that. It contained no pay rise and no change to entitlements.

It is also open to the federal government, as the employer, to apply to have current agreements terminated. If it was successful, employees would fall back to the award “safety net”. So sitting tight may not be an option either.

This is not an environment that is favourable to fruitful negotiations. The CWU remains committed, however, to getting a fair outcome for its members.

5. Telstra reports on NBN training

The CWU met with Telstra on 25 September to discuss progress on the government-funded NBN training programme.

Under the terms of its Trust Deed with the Commonwealth, Telstra must report quarterly to the government on implementation of the programme. As stakeholders, the Telstra unions are included in these meetings.

Telstra reported that during the quarter ending 30 September, training has focussed largely on field staff.

The Telstra Platinum training, which equips CTs for an enlarged role in the digital home/digital office environment, is ongoing. The larger programme has also included training on NBN installation functions, on fibre testing and on fibre and coaxial cable installation within the customer premises (in line with the new cabling provider rules requirements).

Training in NBN customer support also continues for Telstra Services Operations staff in Networks.

In the next quarter Training will begin for FTTN planners and designers needed for the 1000 node FTTN roll-out that Telstra will conduct on behalf of NBN Co.

Other training needs, for instance those related to possible HFC network upgrades, are likely to arise once the renegotiation of Telstra's NBN agreements has been finalised. The CWU expects to have a further briefing on these issues late this year or early in 2015.

6. Vertigan inquiry recommends NBN split

The last of the three reports by the federal government's Vertigan inquiry was released on 1 October. It contains sweeping recommendations, including the break-up of NBN Co through splitting off its fixed wireless, satellite, transit and, possibly, HFC assets.

Communications Minister, Malcolm Turnbull, has already moved to all but rule out such a split. But other recommendations of the report are likely to get a more sympathetic hearing.

These include:

- Tightening of the "loop hole" that has allowed TPG to roll-out fibre in competition with NBN Co without having to provide competitors access to its network
- Removal of NBN Co's fibre monopoly.
- An end to provision by NBN Co of fibre in new estates at sub-commercial rates.
- Transfer of the ACCC's telecoms regulatory powers to a new networks regulator.

The break-up recommendation reflects the Vertigan panel's view that governments should not be in the business of determining technology winners, especially in an industry as fast-moving as telecommunications, and that granting any company a monopoly over a particular platform is likely to retard innovation.

But whatever the merits of this view, it faces real world challenges, both commercial and political.

It is by no means clear, for instance, that there would be any takers for the satellite and fixed wireless components of the NBN, at least without a complete recasting of the current plan which confines their operations largely to low density markets.

And politically, it is unlikely that the electorate, with which the idea of a single national NBN is popular, will warm to the idea of such a break-up.

Nup. Communications Minister Malcolm Turnbull is unlikely to accept proposals to split up the NBN.

It is more likely, though, that the Vertigan proposal for a change to greenfields fibre provision will find favour with government. The roll-out of fibre to new estates has been notoriously slow, not least because the providers (including Telstra) who had experience in this work were squeezed out when NBN Co was required to provide the service at no charge.

As for the ACCC, don't expect any sudden changes to its role. The Government is likely to move cautiously when it comes to major changes in institutional arrangements.

As industry commentators have suggested, this report looks more like a pro-competitive blue-print for the long-term than a set of practical solutions in the short-term – except in the case of greenfields where we could see the pace of the fibre roll-out pick up, as it needs to.

7. SingTel in the spotlight over taxes

Optus has reacted sharply to reports that suggest its parent company, SingTel, is not paying its fair share of taxes in Australia.

According to a report released by the Fair Tax Justice Network and the trade union, United Voice, and reviewed by University of Technology Sydney tax expert Dr Roman Lanis, 84 percent of the top 200 companies listed on the Australian Stock Exchange are paying less than the 30 percent statutory company tax rate that applies in Australia.

And Optus parent SingTel was named as one of the worst offenders, with the report claiming that the company has an effective tax rate of only 9% globally. On this basis, it was ranked No.2 in terms of its negative impact on the Australian tax base.

Optus has completely rejected the claim, saying it is based on an incorrect way of calculating SingTel's tax liabilities. It appears that the report has simply taken SingTel's total global profits and applied the Australian tax rate to them to establish what SingTel "should" be paying here.

But as Optus points out, SingTel operates in 25 different countries with varying tax regimes. And while Singapore's may be one of the most generous (and least transparent), SingTel is based there because of its history, not as a result of a tax minimisation strategy.

More detailed information and analysis would be required to establish whether or not SingTel is paying its way in Australia, tax-wise.

Meanwhile, an equally important issue for the local telecommunications industry is the proportion of Optus' profits that are reinvested in Australia, as opposed to being repatriated to Singapore to fuel SingTel's regional expansion.

8. Sol Trujillo in bid to buy Telecom Italia

Former Telstra CEO, Sol Trujillo, is reported to be trying to raise as much as €7.5 billion ($10.8 billion) to bid for a stake in Telecom Italia, Italy's No 1 telco.

Trujillo's latest project is fibre-focussed.

The investment would give Trujillo and any backers ownership of about half the company, based on current market values. The plan would also see Trujillo become CEO of the company and, in a strategy reminiscent of his Telstra days, bring in his own team of managers.

Trujillo's plan depends on gaining the support of large international financiers, such as the sovereign wealth funds of Qatar and Abu Dhabi with whom he is said to be negotiating.

It remains to be seen whether they can be persuaded by his vision for re-energising the debt-laden carrier through investment in a high speed national fibre network.

The plan is not Trujillo's first such exercise since he left Telstra. In 2012 he attempted to construct a takeover bid for US mobile carrier T-Mobile USA, but apparently failed to gain enough support from private equity sources.

It is probably not surprising that Trujillo, who is still only 62 and always did think big, is wanting to roll the dice in the industry at least one more time. It is more striking that his focus is reportedly now on wireline rather than wireless services, given his single-minded but far-sighted focus on mobiles during his Australian years.

Telco watchers will follow the development of this story with interest.

9. Government to investigate 457 visa fraud

The federal government says it will investigate up to 100 employers over alleged 457 visa fraud.

Those being targeted are being investigated for sponsoring applications in return for payment.

The Assistant Immigration Minister, Senator Cash, said the move was part of a wider compliance campaign which involved an "initial assessment" of the 100 sponsors, but also had an educational component — Work visa scams. Don't pay the price — targeting both employers and visa holders.

"A business that sponsors a visa holder under false pretences may also be committing other offences, such as providing false or misleading information or engaging in misleading or deceptive conduct," she said.

"Visa holders who enter into contrived employment relationships for migration purposes may also be guilty of fraud related offences and/or not meet immigration requirements."

The fact is, of course, that 457 visa holders are generally the victims, not the villains, when it comes to these scams. As reported in E-bulletin #17, a recent audit by the Fair Work Ombudsman found hundreds of cases where 457 visa holders were being underpaid and/or were not doing the job they had been sponsored to do.

The numbers suggest this is a systemic problem, not one confined to a "small minority" of rogue operators as the government claims.

It should be dealt with through a tightening of regulation and oversight of the whole programme, rather than lowering the bar for 457 visas as the most recent government report has recommended.

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