

# E-BULLETIN Telecommunications

## #9 Friday, 30 May 2014

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### 1. NBN Co enterprise agreement talks begin

The CWU met with NBN Co on Thursday 29 May as a first step in negotiations for a new enterprise agreement to cover the company's technical employees.

The meeting dealt largely with preliminary matters such as the timetable for negotiations and identification of issues for discussion.



There is a number of places where the current agreement needs to be brought up to date to reflect legislative changes.

There is also a need to review the current classification structure and related work roles.

Under the current legal framework, CWU members at NBN Co are automatically represented by their union in these

negotiations unless they explicitly choose otherwise. There is no need for members to fill out any forms or nominate a bargaining agent in order to have their say.

Members should, however, contact their state branch if there are particular issues they want to have addressed during bargaining.

### 2. CWU queries Telstra on vehicle monitoring

The CWU has queried Telstra about its use of Trimble, a vehicle monitoring programme, following reports from members about new features of the system being trialed.

Trimble is a GPS-based vehicle tracking system that Telstra currently uses to monitor vehicle speeds. Telstra says its fleet is now using the same system to trial reporting on harsh braking and turning.

CWU members have raised concerns that the trial is a step towards further intrusions into their daily working lives and that the increased monitoring will be used for disciplinary purposes.

Telstra has told us that the chief aim of the trial is to improve workplace health and safety but have not denied that if the results indicate unsafe driving they could lead to conduct/performance management procedures.

Any members who are faced with disciplinary procedures on the basis of these new metrics should contact their CWU state branch.

### 3. Unions call for clarity on asbestos agency future

Unions have called on the Abbott government to come clean on its plans for the Asbestos Safety and Eradication Agency.

The call follows the release of a paper by Finance Minister, Mathias Cormann, that lists the agency under the heading "Misuse of separate bodies for public relations purposes". Such agencies, according to the paper, merely provide "window dressing" for political purposes.

"This is completely incorrect," ACTU Assistant Secretary Michael Borowick said, "and ignores the shocking local death toll and great suffering of so many Australians who have been exposed to asbestos."

Australia has the highest per capita rate of asbestos disease in the world with almost 34,000 people suffering and dying since 1980 as a result of asbestos exposure.



The Agency provides a consistent, coordinated national approach to asbestos removal and eradication with a view to improving safety for workers, renovators and anyone else who might come into contact with the asbestos dust.

When it was established by the Labor party the move was supported by then then Opposition, including now Prime Minister, Tony Abbott and the now, Employment Minister Eric Abetz. But the Agency was targeted by the Government's Commission of Inquiry which recommended it be axed.

CWU members are among those workers who are at risk from exposure to asbestos because of its presence in telecommunications infrastructure as well as in domestic premises.

The union believes that the Abbott Government should explain its plans for the future of Australia's Safety and Eradication Agency immediately.

### 4. Visionstream agreement: negotiations continue

The CWU met with Visionstream on 20 May to continue negotiations for an enterprise agreement for the company.

Up to this point, the parties have been working through a draft agreement provided by Visionstream. We have now completed this process and identified all concerns.

As reported in earlier E-bulletins, the negotiations are complicated by the fact that Visionstream now has a number of employees who have come across from other companies (Optus, John Holland) on the basis of the transmission of business provisions of the Fair Work Act.

These employees' current conditions continue until a new Visionstream EA is approved. Ensuring that they are not then disadvantaged as a result of their transfer to Visionstream is one of the challenges for the EA talks.

## 5. Telstra targets Asia for expansion

Telstra CEO David Thodey has said that he wants to see a third of Telstra's revenues coming from outside Australia by 2020.

The chief focus will be on Asia and on enterprise markets in particular, with cloud-based and network managed services as the company's key product offerings.



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Telstra has been building capacity in this area for some time.

The last few years have seen the development of the Network Assisted Services (NAS) division, the creation of cloud-based capacities in its data centres in Hong Kong, Singapore and the UK and the parallel creation of an integrated enterprise billing system for Telstra Global to support secure billing of multiple countries on a single platform.

Telstra has a chequered history when it comes to overseas expansion. Under both

Frank Blount and Ziggy Switkowski billions of dollars went down the drain through failed ventures, most notoriously through Reach, Telstra's underwater cable joint venture with Hong Kong-based PCCW.

At a time when Telstra faces not only regional competitors such as SingTel but global competition from Over-The-Top (OTT) providers such as Google and Amazon, few analysts query the need for Telstra to establish its own regional presence.

Those with long memories, though, have expressed concerns that the company now focus on getting utilisation of its existing regional infrastructure rather than run the risk of overinvestment in capacity.

## 6. NBN Co renews greenfields contracts

NBN Co has announced the extension of greenfields construction contracts with both Visionstream and Service Stream, two of its principal contractors in the NBN roll-out.

Both companies' contracts have been extended for an initial two years with an option to renew for a further two at the end of that period.

The \$91 million Visionstream contract covers construction in Victoria, Queensland and Tasmania and involves the design, construction and commissioning of pit, pipe and fibre optic cables for new estates in the three regions.

The Service Stream contract, worth \$70 million in its initial term, covers NSW, South Australia, Western Australia and the Northern Territory earlier this week.

The renewal of the contracts suggests all is business as usual with NBN Co, at least in this section of the roll-out. The fact, however, is that the greenfields roll-out has been running behind schedule since the inception of the project and, despite recent improvements in the homes passed “run rate” will still not meet even the constantly revised targets set last year.

The draft 2013-2016 NBN Co Corporate Plan set a target of 131,000 greenfields premises to be passed by fibre by June 2014 but the latest NBN figures show the total to date to be 101, 161.

It is not clear what steps, if any, are being taken to address this problem of roll-out pace.

## 7. Optus increases profits on back of job cuts

Optus has lifted its profits over the last financial year despite a decline in revenues.

How? Through “cost control”, including job cuts.

On Thursday, 15 May, Optus released its annual results for its financial year ended 31 March 2014. For the year, operating revenue was down 5.2 percent to \$8.4 billion, while net profit was up 14.6 percent to \$835 million.

The result, Chief Officer Paul O’Sullivan says “reflects Optus’s strategy of strong cost management and yield improvement”. Staff costs were reduced by 7.4% in part of an ongoing job cuts programme which has seen over 1500 jobs lost since restructuring of the company began in 2012.



But continuing to cut jobs can’t provide any long-term answer to the question of Optus’ future. It needs to increase revenues and to do that its parent company, SingTel, needs to invest more aggressively in the Australian market.

Optus’ investment in its 4G network is already bearing fruit, with the company adding 785,000 4G customers over the financial year. It has also recently consolidated its position in the local satellite market by winning the 15 year contract to operate the two NBN satellites due to come on stream next year. The roll-out of the NBN should also provide it with new market opportunities.

These developments point a way forward for Optus that does not rely on cutting Australian jobs – while sending profits home to Singapore.

## 8. Telstra to build major Wi-Fi network

Telstra has announced that it will build what it describes as one of the largest public Wi-Fi networks in the world.

The plan involves the creation of some 8,000 new Wi-Fi “hot spots” over the next 5 years. But it will also involve mobilising the existing Wi-Fi resources of both businesses, local councils and domestic premises.

And through a partnership with global Wi-Fi operator Fon, Telstra customers will also be able to connect at more than 10 million international hot spots in countries including Germany, Poland, Britain, France and Japan.

One obvious question about the plan is why Telstra would want to build a wireless network which would compete with its own hugely successful 3G and 4G mobile products. The answer appears to lie in part in its desire to lock in its existing fixed broadband customers through a new form of product “bundling”.

Under the proposed network model, Telstra fixed broadband customers would be able to have free access to the network on the basis of their current data allowance – although in return they would be asked to share a part of their bandwidth with other Telstra Wi-Fi customers.

Telstra mobile customers, fixed customers who don’t opt for bandwidth sharing and other members of the public would pay what Telstra describes as a small access fee to use the network.

The proposal also, of course, helps Telstra deal with mobile network congestion problems in areas of high population density while meeting competitive challenges from the likes of iiNet which is currently building Wi-Fi networks in Australian capitals.

## 9. Telstra throws lifeline to ICT research organisation

Telstra has thrown a funding lifeline to National Information and Communications Technology Research Australia (NICTA) in the form of a \$1.1 million agreement for research such as predicting how Telstra’s networks will cope under increased user demand.

According to reports, the agreement represents an initial commitment from what could be a \$10-15 billion Telstra research fund.

NICTA is a leading edge technology research body established in 2002 under the Howard government. But the Abbott government, which is a science-free zone, has cut funding to the organisation in the most recent budget.

NICTA will now have to rely largely on private sector funding as from 2016.

The Telstra agreement won’t be enough to save NICTA but it at least represents a recognition of the importance of Australian-based research in the all-important area of information and communications technology.

Telstra is reportedly also negotiating similar agreements with the University of Technology, Sydney, Deakin University and the George Institute for other research projects.

Of course, there is a certain irony in the fact that having wound down its own internal research capacity to close to zero, Telstra now recognises the need to forge partnerships with centres of research excellence which support innovation in a rapidly changing technological environment.

The CWU nevertheless welcomes Telstra’s support for Australia’s ICT research capacity at a time when the federal government appears determined to ensure that we become Asia-Pacific’s Stupid Country in this critical area.



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