

COMMUNICATION

TELCO NEWS

DECEMBER 2008

**OVER 90% of Telstra members say YES
to INDUSTRIAL ACTION**

WE ARE UNITED & READY TO FIGHT!

THE BALLOT RESULTS WERE AS FOLLOWS:

CEPU - 90.2% voted YES to protected industrial action and only 9.7% against (with 0.1% informal).
78% of employees voted in this ballot.

CPSU - 93.5% voted YES to approving protected industrial action and only 6.5% against. 64% of employees voted in this ballot.

The CEPU will now organise industrial action against Telstra, including:

- An unlimited number of four hour (4), twenty-four (24) and forty-eight (48) hour rolling stoppages of work;
- An unlimited number of indefinite or periodic bans on overtime (paid and unpaid), recalls/call backs, performing higher duties and not attending management meetings; and/or
- An unlimited number of indefinite stoppages at work.

The action will be squarely aimed at Telstra, not its customers.

The unions nationally have planned a strategic industrial campaign. It is not expected that one king-hit will get Telstra back to the table and to agree to the EBA we need.

Our immediate goal is to ensure these types of actions are available to us on an ongoing basis by activating each one of them within the next 30 days. This then leaves Telstra with the spectre of varied and ongoing industrial unrest.

The union will provide the appropriate 3 days notice of industrial action to Telstra and then will meet with the appropriate groups of members either face to face or by telephone conference so you can determine your involvement.

THERE IS TO BE A RECALL AND OVER-TIME BAN WHICH WILL COMMENCE AT 12.01AM ON SATURDAY 13 DECEMBER 2008 & CONCLUDE AT 11.59PM ON SUNDAY 14 DECEMBER 2008.

(These times will be local to all states, that is 12.01 am as it is reached in NSW-ACT/VIC/TAS, Queensland, SA/NT then WA)

Members are advised that they should make themselves available to assist with clear emergency/life and limb calls.

Union officials should be contacted if there is any doubt about the nature of the call out and whether the work should be performed.

THERE WILL BE A 4 HOUR STOPPAGE OF WORK FOR MEMBERS AT THE GLOBAL OPERATIONS CENTRE ON TUESDAY 16 DECEMBER FROM 8AM TO 12 NOON

Workers are asked to gather at 47 Henderson Road, Clayton at 8am.

Certain work-groups will also be commencing 24 hour and 48 hour stoppages on
MONDAY 15 DECEMBER & TUESDAY 16 DECEMBER.

To stay in touch CHECK CEPU WEB-SITE: www.cepuconnects.org

SOME QUESTIONS AND ANSWERS:

My manager has asked me if I am taking part in industrial action - what should I say?

You are not required to inform your manager as to whether or not you will be participating in action.

My manager has asked if I am a union member - what should I say?

Your decision to join a union is a private matter - you are not required to inform managers whether you are or are not a union member.

Can I be dismissed or disciplined from taking action?

The law strictly prevents people from having their employment injured as a result of their participation in legitimate, protected industrial action. If you are threatened with discipline or dismissal or other action, contact your union immediately.

I am not a union member - can I take part in this action?

Only union members can legally participate in this action. Tell non-members they need to join up!

CEPU Seeks Clarification on Commander Deal

The sale of distressed telecommunications company Commander to a recently formed consortium is expected to save jobs of most staff.

But some questions remain about both the group who have taken over the company and the conditions which will be offered to employees. Commander Telecom Group (CGT), the buyers of Commander's core telecommunications business, have undertaken to employ at least 400 of the company's existing staff. The CEPU understands that this will be on the basis of current conditions. Further clarification and commitments are being sought. Question marks over Long Service Leave payments have already resulted in confusion (see below).

Meanwhile, questions have surfaced about the purchasers of Commander. It is rumoured that CGT is linked to the Steggall family. The Steggall family were linked to the failure of Blitz Telecom which had one of the worst complaint records in the industry in 2008.

The uncertainties facing Commander staff are not over. We will be working to ensure that their employment is secured and their entitlements protected.

COMMANDER + CoINVEST = CONFUSION

CoINVEST have sent accusatory and threatening letters regarding the possible double payment of Long Service Leave to Commander staff. CoINVEST is a company that administers Long Service Leave on behalf of the Construction Industry. CoInvest claim that employees received monies from both Commander and CoINVEST. They have demanded that within a week that it be returned. They have also threatened legal action if this does not occur. The letter states:

"Please be advised that CoINVEST has confirmed that you were paid your entire Long Service Leave entitlement by Commander. You lodged a claim with CoINVEST on 6 December 2007. At this time, you had already received payment from Commander. CoINVEST paid you an entitlement . . . After deducting tax, we deposited [your Long Service Leave payment] into your account. You were not entitled to this payment. Please arrange to pay CoINVEST Limited [this money]. you were not entitled to this payment. Please make this payment by Friday 5 December 2008. Failure to repay this money will result in legal action."

Despite these incidents happening over a year ago, CoINVEST seems all of a sudden in a bit of hurry. A letter sent on the same day states:

"Please be advised the CoINVEST is currently in Federal Magistrate's Court litigation which may affect the coverage of workers employed by Commander . . . We expect this matter to be resolved mid 2009 . . . Until then, no claims will be paid in relation to service with Commander."

The union is seeking further advice and clarification with regards to this matter and the current court case. If there has been double payment the union will seek legal advice as to the possibility of deferring repayments until the outcome of the Federal Magistrates case.

Telstra EBA and the economic crisis

IN RECENT STATEMENTS, TELSTRA HAS BEEN RUNNING OUT A LINE THAT FUTURE PAY OFFERS will be reviewed in the light of global economic circumstances. The CEPU believes that these statements are designed to scare employees into agreeing to the company's Employee Collective Agreements with their real wage cuts. They suggest Telstra mightn't be able to afford these wage rises in future.

The company sends out a very different message when seeking investment. Chief Financial Officer John Stanhope has recently told investors that "History shows that during periods when the economy slows or declines, Telstra and its sector continue to grow at rates above the Gross Domestic Product."

So there you are. That must be why the Telstra Board feel s relaxed and comfortable with Sol Trujillo's \$13.4 million salary package – a rise of 14% despite the danger of hard times ahead. And it must be why the Board, Sol and his executives have in the past ignored the views of shareholders when they have voted against such huge salaries.

Telstra's statements and actions seem to imply that its workers are overpaid and that it is working people who are somehow creating the economic crisis by asking for too much.

The reality is the opposite.

Decreasing wages are the result of the relentless drive by companies to increase profit. In a company like Telstra this may be done by real wage cuts, like that proposed in the ECA, as well as through decreasing the number of hours needed to perform certain functions through introducing measures such as GPS, Service Blitz and CC points.

As workers' share of the wealth they create falls, so does their purchasing power. They become increasingly unable to make payments on mortgages, car loans and credit cards. As a result, not only do they suffer financial hardship but the whole economy spins further downwards into recession.

To stop this spiral, more money needs to be put in working people's pockets, not less. So instead of being part of the problem, Telstra could start making its contribution to solving the crisis now by granting a 7% pay rise to all staff.

CHARGES AGAINST UNIONIST WITHDRAWN

CHARGES AGAINST A UNION OFFICIAL for refusing to cooperate with the Howard government's Australian Building and Construction Commission (ABCC) have been withdrawn in an apparent attempt to defuse a major industrial and political issue.

CFMEU official, Noel Washington, was due to go to court next week on charges that he refused to give information to the ABCC, the highly secretive building industry watchdog set up by the former federal government. Refusal to cooperate with the ABCC carries the potential penalty of imprisonment.

Big rallies had been planned to take place all around Australia to coincide with the court appearance on 2nd December. But on Wednesday 26th November the Department of Public Prosecutions (DPP) unexpectedly announced that it would not proceed with the case because of a legal technicality.

While the technicality may well exist, the fact is that the Noel Washington case has presented a major political problem for the Rudd Government which has promised to retain the ABCC until 2010 but does not welcome the prospect of seeing unionists put behind bars for doing their job.

However, if federal Labor wants this "problem" to go way once and for all, there is s simple solution: immediate abolition of the ABCC.

FAIR WORK BILL

Labor's new laws will create fairer but not fair workplaces

Labor's long awaited industrial relations legislation, the Fair Work Bill, has now been tabled in the federal parliament. If passed, the laws will provide employees and their unions with fresh opportunities to wind back the effects of WorkChoices and create fairer workplaces.

New bargaining rules

Importantly, the legislation will:

- **Require employers to bargain in good faith.** Under WorkChoices, an employer could just refuse to negotiate with a union for a new enterprise agreement. This will no longer be possible. If an employer wants to offer a new agreement to employees, unions will have the right to represent their members at negotiations. And if employees want to start bargaining for a new agreement and enough of them want their union to negotiate on their behalf, the employer has to sit down at the table and bargain in good faith.
- **Allow Fair Work Australia (FWA) to arbitrate some bargaining disputes.** In some – but not all – circumstances where bargaining has broken down, the independent industrial relations “umpire”, Fair Work Australia, will be able to settle the matter. This will stop “rogue” employers ignoring the good faith bargaining rules or trying to break employees down with such tactics as an indefinite lockout.
- **Require that all dispute settlement clauses provide for the involvement of an independent “umpire”.** This can be Fair Work Australia or some other independent body agreed to by the parties to an

agreement. This is a major improvement on the current situation which allows an employer to be judge and jury where there are disputes over entitlements, as is the case at present in Telstra.

- **Allow a much wider range of matters to be included in enterprise agreements.** Under WorkChoices, only matters to do with the “employment relationship” could be included in agreements. Anything else was “prohibited content”.

Labor's laws do not entirely overturn this approach, but they will allow a much greater number of matters to be included in agreements. Importantly, it will be legal for agreements to include clauses designed to protect employees from the impacts of restructuring and contracting out.

Unions will also be able to argue for their members to have trade union training leave and paid time off to attend union meetings.

- **Give union representatives greater access to workplaces.** John Howard's laws made it as hard as possible for unions to meet and consult with employees at work. Under Labor's laws, union representatives will be free to enter a workplace to meet with both members and potential members – a major change.

Employers will also find it harder to put difficulties in the way of such meetings, like providing unsuitable rooms. It will be illegal to use such tricks to discourage employees from talking to union representatives at the workplace.

Is WorkChoices dead? No, we still have WorkChoices Lite

These are all positive features of Labor's package. It would be a mistake, though, to think that the legacy of the Howard years has been swept away. Many of the features of the old laws remain and will continue to put obstacles in the way of working people in their attempts to get fair results from bargaining.

- **The Howard rules on industrial action remain.** Industrial action will still only be “protected” if it occurs as part of collective bargaining and employees will still have to vote in a secret ballot before taking such action. All the Howard penalties against unprotected industrial action are still there.
- **The industrial “umpire”, Fair Work Australia, will have only very limited powers to settle disputes.** FWA will only be able to arbitrate disputes over bargaining or implementation of agreements in exceptional circumstances. Normally, it will be up to the parties either to sort things out or to take the issue to the courts – an expensive process.
- **There will still be restrictions on the content of agreements.** Attempts to limit management prerogative through agreements are unlikely to succeed. For instance, a clause prohibiting outsourcing or franchising outright may not be “permitted content”. Clauses about non-industrial matters such as environmental issues will be unenforceable.



BRITISH TELECOM CUTS JOBS

The UK's largest telecommunications company, British Telecom (BT) has announced that it will cut 10,000 jobs in an attempt to restore profit growth. The announcement coincided with the release of BT's second quarter results which revealed an 11% fall in profits despite some modest revenue growth.

The company has said that the majority of the cuts will be among agency staff, sub-contractors and offshore employees, including those based in India. About 4,000 jobs will be cut from BT's own directly employed staff who number 112,000 worldwide. According to BT's chief executive, Ian Livingston, claim that there would not be any compulsory redundancies. But union leaders still expressed shock at the scale of the cutback and warned they would resist any moves to make compulsory redundancies.

NBN SAGA CONTINUES

The general criteria for success in the complicated Broadband Tender Process seems to be:

- capabilities
- funding
- access to enabling infrastructure, and
- incentives

From the customer's view it should be price, speed and availability. There is a currently a high level of debate about the suitability and sustainability of Telstra to be able to prove that it can apply the 4 fundamentals (particularly incentives) and address the 18 objectives to the roll-out of a National Broadband.

Telstra has submitted a 12 page letter in which they will spend \$5 billion alongside the Federal Government's \$4.7 billion. In contrast Optus submitted over 1000 pages. Regardless, it seems no bidder will match all the objectives.

There is also some question as to whether Telstra will survive the Government's expert panel which will interpret and judge all bidders and what they have to offer. The process lasts eight weeks. Telstra just made the last midday deadline for proposals and are still in the game.

Already Optus is challenging the legality of Telstra's bid, raising the spectre of a court challenge if Telstra emerges as successful NBN tenderer. And for its part Telstra is still refusing to put all its cards on the table while the threat of structural separation remains alive.

As for Terra, the most vocal of all the potential NBN contenders, it didn't put in a bid at all, preferring instead to offer support for the bid lodged by Optus investment vehicle, Optus Network Investments. At this stage, that company appears to be just a shell.

None of this bodes well for the speedy roll-out of a national fibre network- one of Labor's key election promises.

"Non-compliant" bids

Telstra's proposal, which clearly failed to provide the level of detail expected in the tender documents and which offered only 80-90% (of the expected 98%) network coverage, has been labelled a non-bid by critics. But it is by no means obvious that the other bids submitted will meet the formal tender requirements or, equally importantly, Labor's political and social objectives.

Two of the bids – from ACT-based TransACT and from the Tasmanian government – are for state-based solutions only. The economic feasibility of such models is questionable as Telecommunications networks thrive on scale.

Time for clear policy decisions

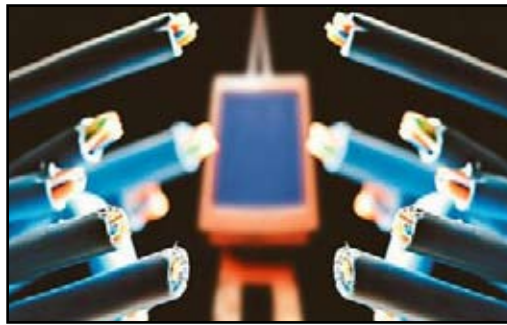
If none of the "bids" meet the full requirements of the RFP, (? Define) where does the Government go from here? The answer seems to be into negotiations with all the current proponents, whether or not their initial responses meet the formal criteria.

But for these to progress, the Government will finally have to bite the bullet on some basic policy questions.

First there is the question of structural separation. On the basis of earlier public submissions, it would appear that the Acacia, Optus and TransAct bids will all require some form of structural separation of Telstra. Telstra has said it will fight this tooth and nail. What is the Government's position?

Secondly, there is the fact that these three companies have proposed an access network monopoly. Will the Government – or more to the point the Parliament – agree to that?

Until some clear guidance is given on these fundamentals, the NBN process and Labor's election promises will remain mired by uncertainty.



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