



**- UNION'S NEW YEARS RESOLUTION -**

We resolve to **PROTECT** members pay and conditions; particularly:

1. Pay levels
  2. Job security & Redundancy provisions
  3. Penalty rates & Emergency duty payments
  4. 36.3/4 hour week & 4 weeks annual leave
  5. Superannuation
  6. Sick & Family leave
  7. A healthy and safe working environment
- And other important conditions

Our New Year's Resolution every year since the Union was formed in 1911 has been to **IMPROVE** our conditions. The improved conditions progressively introduced over that time have only been possible because there has been a general recognition in the workforce that collective union action is a must if employees are to have any power.

Now we face an unprecedented attack aimed at eroding these conditions. Our ability to protect our current employment package depends on our ability to win the debate that working people (those that only have their labour and skills to sell) do much better when working collectively, than they do by selling themselves as individuals.

People are being deliberately encouraged to "go it alone" and tempted by short-term goodies, but the objective of employers is to destroy the collective bargaining power of employees.

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**CEPU NEWS**

## OFFICE BEARERS

### T&S BRANCH :

#### Branch President:

Gerry Kandelaars  
Mobile: 0418 848 872  
Gerry.Kandelaars@sant.cepu.asn.au

#### Branch Secretary:

John Lee  
Mobile: 0418 807 683  
John.Lee@sant.cepu.asn.au

#### Branch Vice Presidents:

Steve Cotton  
Helen Macmullen

#### TECHNICAL DIVISIONAL SECTION Committee of Management Members:

Greg Domeika,  
Tony Moss, Mick Giles.

#### OPERATOR DIVISIONAL SECTION Committee of Management Members:

Vacant.

### P&T BRANCH :

#### Branch Secretary:

Noel Paul  
Mobile: 0418820019  
Noel.Paul@sant.cepu.asn.au

#### Branch Assistant Secretary:

Graham Lorrain  
Mobile: 0419807285  
Graham.Lorrain@sant.cepu.asn.au

#### Branch President:

Bianca Dobson

#### Branch Vice Presidents:

Tony Lang  
Nick Townsend

#### Industrial Officer:

Gerry Kandelaars  
Mobile: 0418848872

#### LINES DIVISIONAL SECTION Committee of Management Members:

Shad McDonald, Steve Butterworth,  
Andrew Ramsay, Andrew Parnis.

#### POSTAL DIVISIONAL SECTION Committee of Management Members:

Barry Colquhoun, Dennis Carey,  
Michael Tippins, Richard Millar, Deane  
Bates, Philip Staunton, Kerrie Ramone,  
Margaret Hollis.

#### ADDRESS

C.E.P.U.—Communications Division  
30-40 Hurtle Square  
ADELAIDE, 5000.

#### POSTAL ADDRESS

G.P.O. Box 2113  
ADELAIDE, S.A. 5001.

Phone: 8232 5999  
Fax: 8232 5990

Internet E-Mail:  
t&s@sant.cepu.asn.au  
p&t@sant.cepu.asn.au

#### AUTHORISED BY

John Lee, T&S Branch Secretary

From page 1...

We must meet this challenge by extending the Union's membership to all working people in our industry and building the solidarity and militancy that delivered the employment conditions we are used to. Who would be calling the shots then?

The degree to which we can limit the erosion we face will be determined by the speed with which we can develop the solidarity and militancy of the past.

Unfortunately some people will need to suffer under the new regime before they see the need for strong collective action. Perhaps they will change their vote to head off being hurt.

## - AXE POISED OVER N.T.G. -

**Michael Sainsbury - The AUSTRALIAN.**  
17<sup>th</sup> January, 2006.

The first major wave of redundancies at Telstra's Networks and Technology Group is expected to hit staff as early as January, 2006.

The program is part of Chief Executive, Sol Trujillo's, plans to cut as many as 12,000 employees over the next five years.

Telstra is targeting about 4000 redundancies this year as it moves to strip costs out of the business ahead of its planned \$25 Billion sale later this year. *The Australian* understands that Telstra Chief Operating Officer, Greg Winn, is planning to cut up to 30 per cent of the company's Networks staff and up to 25 per cent of its Information Technology employees.

Telstra public relations chief, Andrew Maiden, said the redundancy program had been under way since late September and was continuing.

"Telstra announced total company targets in November and the company has not published targets or headcount numbers for individual business units," Mr. Maiden said.

On his appointment in August, Mr. Winn rolled Telstra's Network and IT Groups into a super division along with Product Development and Procurement.

The move comes as Telstra considers further outsourcing in Mr. Winn's division, but insiders are concerned that the combination of sackings and outsourcing may lead to a brain drain at the telecommunications giant.

Mr. Winn's plan is to push more network and systems building and operations work

back to Telstra's major suppliers.

This is a reversal of the strategy of the past two and a half years, when the company cut back on its outsourcing to restock its internal technology resources.

At that time Deloitte, IBM and EDS all lost large contracts with Telstra for underperformance.

Following this, emerging Indian information technology services firms, Satyam and Infosys, won work with Telstra as a result of competitive tenders.

IBM was forced to use its Indian technology centres to retain some contracts and meet Telstra's cost requirements.

These new contracts have helped Telstra cut more than \$200 Million in costs each year, according to company sources.

In November, Mr Trujillo announced a grand plan to spend \$11 Billion on a new residential fibre optic network, a new national third-generation mobile network and a new network for billing and customer relationship management.

Much of the work will be done by the handful of vendors chosen for the projects, including Swedish telecoms equipment supplier Ericsson, which will build a \$1 Billion mobile network using the 850 MHz spectrum.

Ericsson has said it will add 1400 staff for the fast-tracked 24 months network deployment.

French vendor Alcatel, which has the \$3.5 Billion contract for the fibre network and next-generation DSL links, has said it will add as many as 3000 staff if Telstra proceeds with its network project, but last month, Telstra put the fibre network on ice after the competition watchdog rejected the access pricing the company had proposed. This has put a large part of the Alcatel contract on hold.

US technology services company Accenture has already been named as the systems integration partner for Telstra's \$400 Million billing and CRM platform.

Along with IBM, Accenture is said to be pushing for more outsourcing work with Telstra.

"Telstra announced in November that it was reviewing all parts of the organisation," Mr. Maiden said. "The company has no announcement to make at this time in respect of IT and Network Services."

Just before Christmas Mr. Trujillo named former marketing chief Holly Kramer as product management Group Managing Director. Ms Kramer will participate as a member of Mr. Trujillo's senior leadership team, while reporting to Mr. Winn.

**John Lee**  
**BRANCH SECRETARY.**

## **TELSTRA BUNGLES EMPLOYER CONTRIBUTIONS TO SUPERANNUATION FOR AWA (SHIFT) EMPLOYEES.**

Members may recall that back in late March the CEPU became aware of the fact that during the period 1999 to June 2004, Telstra were not paying the full superannuation guarantee amount into some Award employees' superannuation fund.

Telstra has only recently advised the Trustees of the Telstra Superannuation Scheme (TSS) that a similar problem has been identified with the employer contributions made to AWA employees who were members of the TSS Accumulation Fund (Division 6), and have been undertaking shift work. The extent of the problem is, apparently, quite substantial, with some 7,000 superfund members potentially affected. Over 4,000 existing Telstra employees on AWAs have been potentially affected by this problem. The error dates back to 1999, when Telstra introduced a new Payroll system. Telstra have advised the Trustee of the T.S.S. that they have contacted all the potentially affected members and will correct any errors made to super contributions.

As a Trustee of the TSS Scheme, given the extent of the problems identified over the past 12 months, I will be seeking an assurance from Telstra that they will, in future, put in a rigorous auditing schedule to ensure there is not repeat of any under-calculation of employee superannuation contributions.

In the mean time, any members who believe they have not received their full superannuation entitlement should contact the CEPU Branch Office.

**Gerry Kandelaars.**  
**MEMBER TRUSTEE, TELSTRA SUPER.**

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## **BRANCH OFFICE ACTS AS A BARGAINING AGENT FOR MEMBERS**

Recently, a number of members who were employed by BDS Recruit were offered Permanent Employment within Telstra's Advanced Services. The offer of employment was conditional on the member signing an Australian Workplace Agreement (AWA). This is not considered cohesion under the Workplace Relations Act (WRA).

The Branch Office was approached by some of these members and as a result conducted an information session with them to go through each clause of their AWAs discussing the pros and cons of the document presented to them. The AWA in this case had a fixed remuneration with out any performance based incentive plan. After discussions with the members involved, we were appointed as their Bargaining Agent under **Section 170 VK** of the **WRA**.

**Section 170 VK** states the following :-

### **170VK Bargaining Agents.**

- (1) An employer or employee may appoint a person to be his or her Bargaining Agent in relation to the making, approval, variation or termination of an AWA. The appointment must be made in writing.
- (2) Subject to subsection (3), an employer or employee must not refuse to recognise a Bargaining Agent duly appointed by the other party for the purposes of subsection (1).
- (3) Subsection (2) does not apply if the person refusing has not been given a copy of the Bargaining Agent's instrument of appointment before the refusal.
- (4) An employer or employee must not coerce, or attempt to coerce, the other party:
  - (a) to appoint, or not to appoint, a particular person as an authorised bargaining agent; or
  - (b) to terminate the appointment of an authorised bargaining agent.
- (5) In this section:

**person** includes a group of persons.

As a result of the appointment as their Bargaining Agent, we were able to seek a meeting with Telstra management. At this meeting a number of issues were discussed and clarifications sought regarding the meaning of a number of clauses within the AWA. We then provided feedback to the members we acted for and were able to obtain email clarifications from management. These were also sent to the affected members.

Whilst we are not generally in favour of AWAs, we recognise that in some instances members may not have a choice, given the nature of the Workplace Relations Act. But we can, and will, assist members by acting as their Bargaining Agent if they so wish. If you need such assistance please contact the Branch Office.

**Gerry Kandelaars.**  
**P&T BRANCH INDUSTRIAL OFFICER.**

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## **OVER 4,000 JOBS FOR G3**

You don't have to sell the company to privatise jobs. Telstra earlier this week announced that all of the construction work for its UMTS 850 MHz third generation mobile network will be contracted out.

The project is worth well over \$1 Billion and will directly employ about 4,400 engineering, technical and professional workers although most will work for sub-contractors. Ericsson is expected to take on 1,400 workers and Alcatel a mix of some 3,000 staff and contractors.

Telstra have not made a public comment on the jobs so it's difficult to know how many positions in Telstra will be created either for integration or servicing the network following its cutover in two years time.

**Gerry Kandelaars.**  
**BRANCH PRESIDENT.**

- **AWAs** -  
**- COMPANY CONTRIBUTIONS FOR SUPERANNUATION**

Telstra must contribute the minimum superannuation guarantee (SG) contributions from an employee Fixed Remuneration (FR). These contributions are based on their fund salary for superannuation purposes.

**Fund Salary Calculation :**

Employment Arrangement	Telstra Super Defined Benefit	Telstra Super Accumulation Fund
AWA	87% of FR.	87% of FR.

The minimum superannuation guarantee is based on the lesser of :-  
9% of fund salary within the financial year, or  
\$12,139 for 2005 / 2006 ( \$11,585 for 2004 / 2005 )

**NOTE:** These amounts are based on a salary of \$134,880 for 2005 / 2006, which is set by the Government and indexed annually.

**EXAMPLE:** John s employed on an AWA contract. For the year 2005 / 2006 company contributions are calculated using the following :-

$87\% \text{ (Fixed Remuneration)} \times 9\% \text{ (Super Guarantee)} = 7.83\%$   
rounded to  $7.9\% \text{ (Fixed Remuneration)}$ .

For further enquiries please contact the Branch Office.

**Gerry Kanderlaars**  
**BRANCH PRESIDENT.**

**- SAD BUT TRUE -**

This "Letter to Editor" in the S.M.H. brings you back to the human tragedy of all this high level manipulation. It really is very sad.

*"Yesterday my father ended 46 years of service with Telstra after being made redundant (presumably thanks to the Telstra board's performance over recent times). He had a small speech prepared as he naturally, expected a short send-off.*

*What did he get? Someone collected his ID pass and that was it. (Apart from a shared Barbie at lunch time with his mates). He did not say much about it but you can guess how he felt !!*

*Shame on Telstra management for discarding a man like that. It seems Sol and co. really do consider a man to be an orange - to be sucked dry and thrown away.*

*Robin Saville.*  
*Goulburn."*

**John Lee.**  
**BRANCH SECRETARY.**

**TELSTRA FACES**  
**CLASS ACTION SUIT**

Aggrieved Telstra shareholders are preparing a class action for damages against the company for its alleged failure to disclose a big drop in future earnings that later resulted in its share price tumbling.

The action is planned for the Federal Court according to consultant Joanne Rees, acting for legal firm Slater & Gordon. It will cover investor share market losses incurred after August 11<sup>th</sup>.

That day, Telstra CEO, Sol Trujillo, and finance chief, John Stanhope, presented the Annual Financial Result to the market at a briefing attended by market analysts and the media.

Later that day, Mr. Trujillo and chairman, Donald McGauchie, met the Prime Minister and senior Ministers to brief them on Telstra's outlook using a document titled 'The Path Forward'.

They have continued to lose value since.

**John Lee**  
**BRANCH SECRETARY.**

**SUPER FUNDS HOLD \$500 BILLION**

Supper Funds hold \$500 Billion of workers' money. It is this money which helps the sharemarket in this country outperform the world markets. Every week at least 9% of the national wages bill must be invested by Super Funds. It should be remembered that it was Paul Keating (a poor economic manager according to the conservatives) that set all this up.

The early Super Funds were set up by the Unions and their Boards were full of Union nominees. Unfortunately the Unions' ability to influence these funds to consider social and environmental investment has wained, but these funds remain highly influential. Perhaps Unions should be reclaiming control over Super Funds and their members' money?

**John Lee.**  
**BRANCH SECRETARY.**

**TELSTRA SALE DECISION ON HOLD**

**Michael Sainsbury - The AUSTRALIAN.**  
20<sup>th</sup> January, 2006.

The Federal Government is unlikely to make its decision on whether to proceed with the \$25 Billion sale of Telstra until April - a month later than expected - as it awaits a critical report from the competition watchdog on the telco's network pricing.

The Australian Competition and Consumer Commission (ACCC) has been given until March 31 to hand in its report on the pricing for Telstra's raw copper wires, The Australian has learned.

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The report was requested after the Prime Minister's leadership committee met with Communications Minister Helen Coonan in December to consider whether to overturn the ACCC's view on Telstra's pricing for its last-mile copper wires which run between the telco's exchanges and users' homes or businesses.

While the ministers said the regulator should not be over-ruled, it asked the ACCC to explain its decision - a move the regulator is believed to have welcomed. Other members of the leadership group include Treasurer Peter Costello, Finance Minister Nick Minchin, Deputy Prime Minister Mark Vaile and Senate Leader Robert Hill.

But the Government is sticking by its official line that it has asked ACCC chief, Graeme Samuel, to report as soon as possible and it has been widely reported that the commission will report late this month or early February. "We still expect the ACCC to report as soon as possible and we still aim to go to cabinet in March," a spokesman for Senator Minchin said yesterday. But without clarity on Telstra's network pricing, no decision could be made on the sale, people close to the process said.

Regulatory uncertainty is one of the biggest unknowns looming ahead of the Telstra sale.

As well as the report, the ACCC must now consider a fresh undertaking of \$30 per month by Telstra for its copper wire network pricing as well as a range of arbitrations on pricing between Telstra and its competitors.

The ACCC has also commenced a wide-ranging review of all regulation of Telstra's fixed-line networks - the biggest since the \$30 Billion-a-year industry was liberalised in 1997.

Rules are also being planned for the so-called operational separation of Telstra - to make sure it charges rivals the same network prices as its retail operations - which was part of last year's privatisation legislation.

A group of Telstra's competitors, known as the Competitive Carriers Coalition (CCC), has this week written to Communications Department head Helen Williams complaining of delays to the rules.

CCC Executive Director, David Forman, said prices for Telstra's network elements were supposed to be concluded by the end of last year and rules for the middle operational separation were supposed to be in place by mid-year. "The timetable has slipped," Mr Forman said.

"These negotiations are going on in such a secret-squirrel way, that there are shifting sands that we never know what's going on."

Still, the Government's delayed decision-making timetable is not expected to affect the sale process.

The window for what would be the world's largest share sale this year, if the Government's entire 51.8 per cent stake is sold, remains October/November.

**John Lee**  
**BRANCH SECRETARY.**

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## **'WORKCHOICES' RECEIVES** **ROYAL ASSENT**

The Howard Government's WorkChoices legislation received Royal assent this week bringing into operation the Fair Pay Commission and a number of other provisions.

The remainder of the Act, including the main amendments, will become operative the day the Act is proclaimed or 6 months from Royal Assent, whichever is earlier.

There is still no start date for the regulations to the Act which are expected to be introduced to parliament early this year.

**Gerry Kandelaars.**  
**BRANCH PRESIDENT.**

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## ***TREASURY SAYS WAGES*** ***WILL FALL***

***The AUSTRALIAN.***

Treasury secretly told Peter Costello the workplace changes will deliver smaller wage rises for low-income earners and cut productivity in the short term as employers hire greater numbers of less efficient workers. Confidential documents also reveal the Government's key economic advisers believe the changes will only "moderately" improve employment. The analysis is in Treasury documents obtained by The Australian. Challenging the Government's claims that workers will be better off, Treasury instead predicts that the wages of people who rely on minimum pay rates will fall in real terms because of smaller increases granted by the Government's new Fair Pay Commission.

*"It is crystal clear from the Government's own economic advisers the IR package is designed to cut wages." Mr. Swan. "(Costello) has misled Parliament, and the Prime Minister has misled the Australian people."*

**Gerry Kandelaars.**  
**BRANCH PRESIDENT.**

## **RANN LAUNCHES HIGH COURT CHALLENGE**

Premier Mike Rann and Industrial Relations Minister Michael Wright, on behalf of the State, formally applied to the High Court to have the Liberals unfair and un-Australian work laws torn up.

"The Liberals work laws will devastate the budgets and job security of working families - and we intend to stand up and fight for their rights," said Mr. Rann.

"I give all South Australians my rock solid guarantee - we are challenging these appalling Liberal laws in the High Court and in any way we can.

"Our statement of claim, prepared by Solicitor General Mr. Chris Kourakis QC, closely follows the NSW application and claims that the Federal legislation which purports to rely on the Corporations power in the Constitution goes well beyond the powers granted to it under the Constitution.

"For example, the legislation says that just because a contractor does business with Corporations, that that is enough of a connection to allow their laws to apply to the contractor. That stretches the Constitution to breaking point.

"Our argument is that it is just a recipe to give Canberra unfettered power.

"The claim also says the Federal legislation breaches the separation of powers by granting the Federal Industrial Relations Commission judicial power to prevent State's Industrial Relations Commissions to exercise their role.

"It also challenges the attempt to continue to regulate non-corporate employers and their workers for a transitional period of five years.

"We challenged the Federal Liberals move to impose a radioactive waste dump in South Australia, and we won. We are using the same legal team to challenge the Federal IR laws.

"Other aspects of the challenge concern whether or not the legislation can apply legitimately to a range of corporations including state-owned enterprises.

"In the last financial year the rate of working days lost in South Australia per 1000 workers fell to six, compared with 23 in 2003 / 04. That means South Australia is ahead of all the other states in this area. In Victoria, where federal awards apply, we see about nine times more industrial disputes than here.

"This record helped us when we were competing with Victoria for the \$6 Billion Air Warfare Destroyer contract.

"Why would South Australia want to swap to a Federal IR system when our current system works so well for us?

**S.A. Premier, Mike Rann,  
and  
Minister for Industrial Relations, Michael Wright.**

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## **ROB KERIN BACKS ABOLITION OF AUSTRALIA DAY**

Rob Kerin has said he has no reservations about John Howard's work laws - and now there is clear proof that the Liberals work laws have resulted in S.A. workers being forced to work on Australia day for normal rates.

Under the Liberals work laws, it is now legal for employers to make signing an Individual Contract that slashes award conditions a requirement to get a job.

"The Liberals will try and spin their way out of this - but it is crystal clear that under the laws Rob Kerin wants will mean an end to Australia Day and many other public holidays."

Naracoorte based Teys Brothers Meatworks, has told its staff they'll be expected to work normal shifts today without any public holiday penalties.

"Will Mr Kerin support future moves by other South Australian companies to force staff to work normal shifts without penalties on public holidays?"

"What about Good Friday, Easter Monday or Christmas Day, Mr. Kerin?"

"The differences between the Rann Government and Rob Kerin's Liberals could not be more stark. "While Mr. Kerin sits back and applauds the Howard industrial regime, the Rann Government will continue to fight for the rights of South Australian workers" says Mr. Wright.

"We will fight the Liberals disgraceful attack on the Australian way of life in the High Court and in any way we can."

"Well over 200 families will be stopped from spending Australia Day together - and Rob Kerin has no reservations about the un-Australian laws that make this possible !"

Unless Rob Kerin refers State powers to Canberra like Jeff Kennett did, over 226,000 S.A. workers will be protected by our successful S.A. laws.

"If Rob Kerin wants to be taken seriously, he must tell South Australians whether he will deliver Canberra total power over our work laws, or whether he will copy Howard's attack on working families into State law like the W.A. Liberals have promised to do."

"Mr. Kerin must come clean: will he challenge these laws in the High Court, or will he put Liberal Party interests ahead of South Australian interests like he did with Howard's plan for a Nuclear Waste Dump."

**Hon. Michael Wright.  
Minister for Industrial Relations.**