

Telstra Corporate Restructure

Member Q&As



Dear members,

Late last year, Telstra announced it was embarking on a corporate restructure, of unprecedented proportions, that would essentially see the company split into three wholly-owned subsidiaries. As previously reported, the three subsidiaries have been referred to as -

InfraCo Fixed would own and operate ducts, fibre, data centres, subsea cables and exchanges

InfraCo Towers would own and operate physical mobile towers

Telstra ServeCo would own and operate software defined networking and focus on innovation and services

Very few details have emerged since our last bulletin to you on this matter. However, this Q&A document has been created to assist members in sifting through some of the facts, the fictions, and the unknowns:

- **If the duties I perform at Telstra are transferred to a subsidiary, will my role be redundant?**

Yes – your role, as you perform it at Telstra, will be redundant.

- **So, if Telstra is moving pretty much ALL the work they currently perform, to 3 subsidiaries (which is our understanding), then does this mean that pretty much ALL the jobs at Telstra will be redundant?**

Technically, yes.

- **Does this mean I am a dead man walking and my retrenchment is imminent and unavoidable?**

No. The truth is, that even if your role is redundant at Telstra, the three subsidiaries are going to have a whole lot of work with no employees to perform it. So, the scenario is one of thousands of jobless ex-Telstra employees and thousands of vacancies in the subsidiaries. As you can see, the solution is in the problem.

In our preliminary discussions, Telstra has indicated the subsidiaries will seek to employ the same people from Telstra, to continue doing the same work once they have taken it over.

- **I am afraid the subsidiary will offer me lesser conditions and that I will have no choice but to accept them because I am otherwise jobless.**

Clause 47, which members engaged in industrial action to strengthen, during the last round of enterprise bargaining, prevents this from occurring.

In order for Telstra to transfer you to the subsidiary (rather than retrench you) they must ensure that the subsidiary is providing you with -

1. a position performing the same or substantially the same work;
2. terms and conditions considered on an overall basis, no less favourable than the conditions you received at *Telstra*;
3. at least 15 days paid personal leave each year (pro-rata for part time employees);
4. with ordinary hours of work that will be no more than an average of 36¼ hours each week;
5. continuity of service;
6. continued eligibility for membership of the defined benefit superannuation fund, for employees who are existing members; and
7. that provides that your retrenchment benefits will be calculated:
 - 7.1. In accordance with the scale in section 10 if your job with the *Subsidiary* is made redundant and you are retrenched; and
 - 7.2. by reference to your *Fixed Remuneration* at *Telstra* at the time the offer is made, or the fixed remuneration at the time you are retrenched by the *Subsidiary*, whichever is higher.

- **So, what agreement covers me if my role is redundant at Telstra and the subsidiary offers me a suitable job and I move to the subsidiary?**

The Telstra Enterprise Agreement will follow you to the subsidiary and will apply to you in addition to your contract of employment with the subsidiary.

- **But isn't the Telstra Agreement about to expire?**

Yes. The current Telstra Enterprise Agreement expires this year but will continue to apply even when expired until it is either replaced by a new agreement or terminated. This is the case regardless of whether the agreement applies to you in Telstra or in the Subsidiary following a transfer of employment.

- **Will a new Telstra Agreement cover me?**

The answer to this depends on the timing. If you are still employed by Telstra when a new enterprise agreement is made then yes. If you have already transferred to the subsidiary and a new enterprise agreement is made at Telstra, then no. This is because you would have transferred over with the old agreement and it was subsequently replaced. However, the protections in clause 47 continue to apply by virtue of your contract of employment with the Subsidiary.

- **What if the subsidiary wants to make its own enterprise agreement?**

This is possible and even likely, but an enterprise agreement can not disturb the terms and conditions you are entitled to as a result of your contract of employment. In other words, the Clause 47 protections in your contract will override the agreement, if they are greater than those contained in any new agreement.

- **What if the subsidiary employs new employees?**

If this was to occur at a later stage, the terms and conditions that apply to new non-ex-Telstra employees will be that of the Subsidiary' enterprise agreement, (if one exists). It is for the benefit of future non-ex-Telstra employees that the Union is committed to ensuring that any enterprise agreement with one of these subsidiaries reflects the same standard of terms and conditions enjoyed by employees, today.

- **What is this that I hear about the Award having lower conditions?**

If you work for Telstra and you are covered by the Telstra enterprise agreement, the award does not apply to you. This is important to understand in order to fend off fake news.

The Award only becomes relevant when bargaining for a new enterprise agreement begins, because the Fair Work Commission will only approve a new agreement if they are satisfied that overall, it provides terms and conditions that are better off overall than the Award.

- **Which Award?**

Well, here is one of the unknowns. Awards are generally, instruments that cover an industry. For example, the electrical industry, retail industry, or fast-food industry all have an industry wide award. In some instances, however, the industry is made up of only one big player. For example, the telco industry and the postal industry. Both Australia Post and Telstra dominate their respective industries. In both these cases, instead of having an industry award, we have what is called an enterprise award. i.e it applies specifically to that enterprise.

The Telstra Enterprise Award contains a clause which says it covers Telstra Corporation Ltd and employees doing the work that Telstra does. When this all moves to a subsidiary as proposed, it will also be moving outside of the Telstra Award's coverage.

However, the FWC can change the coverage clause in an Enterprise Award in exactly these circumstances so that the Telstra Enterprise Award could continue to cover the same work and same people. Your Union will be making application to the Fair Work Commission for this variation to occur as soon as it is possible. In the first instance we would need to wait for the subsidiaries to be created before making such application.

We will continue to keep you up to date as new information comes to light. However, if you require any further information on the above, please contact your State Branch Official.

Yours faithfully



Nick Townsend
BRANCH SECRETARY

9 February 2021