

Telstra shares plumb new low amid job cut talk

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Telstra says it has not confirmed how many jobs will be cut under its plan to simplify its business, as unions demand more information from the telco giant.

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Media reports today suggest Telstra will cut 6000 staff over the next three years as part of its \$1 billion plan to reverse its falling financial performance.

The media reports and Telstra's response came on a day when the stock slumped over 2 per cent to a record low.

Telstra says its new strategy is aimed at growing market share and will involve a simplification of its business, cost cutting and an improvement in customer service.

Senior executives, including chief executive David Thodey, have said the plans would involve job cuts, but the telco said today it was yet to be determine how many.

"Telstra has not confirmed the number of affected employees and when we do, we will first speak directly to them," a spokesperson said.

Improving customer satisfaction would be done through simplifying customer processes, reducing bureaucracy, particularly in management, and introducing optional self-service systems online, Telstra said.

Telstra shares declined 6 cents, or 2.2 per cent, to close at \$2.62, the lowest since the first shares were sold by the government for \$3.30 to retail investors in 1997.

The Community and Public Sector Union (CPSU) is seeking more information from Telstra about the extent of planned job cuts.

"You cannot cut thousands of jobs without having a major impact on customer service," CPSU Assistant National Secretary Louise Persse said. "Telstra's frontline service delivery areas are already stretched. "We can't see how further cuts will improve things."

Senator Doug Cameron, a former trade union official and Labor Party member, was not impressed with the report that Telstra would be cutting jobs.

"I don't think companies, given the state of the economy, should be looking at downsizing or cutting jobs," he told reporters in Canberra.

Nationals frontbencher Barnaby Joyce said he was concerned the job cuts would come from the bush, while also questioning how the national broadband network would be built if technicians were laid off.

Senator Joyce said 25,000 technicians were needed to build the NBN.

"At best I'd say there are 8000 to 6000 ... in Australia, and at this point in time Telstra are actually putting them off," he said.

Telstra told investors on Wednesday it would incur \$220 million in redundancy costs in the 2010/11 financial year.

“It is always difficult to make decisions that inevitably affect jobs,” the Telstra spokesperson said. “However, Telstra offers retraining and generous redundancy arrangements to affected employees.”

Telstra has cut over 12,000 jobs since 2005 as part of a transformation process implemented by former chief executive Sol Trujillo.

AAP

This story was found at: <http://www.brisbanetimes.com.au/business/telstra-shares-plumb-new-low-amid-job-cut-talk-20100930-15y2a.html>