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Our Ref:

Billy Hayes

General Secretary

Your Ref:

CWU

150 The Broadway

Date: May 30th 2002

Wimbledon

London SW19 1RX

Dear Billy,

## **UNITED CAMPAIGN TO DEFEND & PROMOTE PUBLIC SERVICES**

The Branch has asked me to write to you regarding the above subject. We believe that the CWU should be promoting a united campaign amongst our members, other unions and in the wider labour and political arena designed to defend and promote publicly funded public services.

You will remember that I wrote to you on behalf of the Branch on November 22<sup>nd</sup> 2001 requesting the recall of CWU General Conference to discuss the threat of Post Office privatisation and the restructuring of UK telecommunications that was and still is proving to be detrimental to the job security and conditions of employment of CWU members.

Our view last November was that it was essential for the CWU to unite in a debate about how the Union could most effectively campaign to oppose Post Office privatisation, any further break-up of BT Group plc or UK telecommunications restructuring that was detrimental to our members interests.

Since November 2001, major moves have been made by the UK government and employers that are highly likely to have devastating consequences for the job security and conditions of the members that we represent in the postal and telecommunications industrial sectors.

Postcomm's liberalisation proposals still amount to the rapid introduction of competition into the UK postal services sector that will inevitably lead to cherry picking of the most lucrative work by other licensed competitors of the Post Office, which, if our experience of UK telecoms is anything to go by, will as sure as night follows day lead to privatisation, massive job losses and worse terms and conditions for our postal members.

Regarding the UK telecommunications industry. It is at present in crisis and without strategic direction. I will not catalogue here the already well publicised negative impact that restructuring, lost jobs and the decline in terms and conditions is having for CWU members employed in UK telecoms and on customer service and satisfaction. However, telecommunications in this country potentially has a very bright future provided the necessary investment and rational planning takes place. It should now be obvious to all that the current competitive regulatory model as promoted by Oftel has failed to deliver the network of the future and Broadband Britain as envisaged by the Labour Party in 1995 while in opposition. Competition has led to wasteful investment and duplication of the legacy (old technology) network, while vital investment in the broadband network of the future has been neglected. This has resulted in over-capacity in the legacy network and lack of coverage in terms of broadband technology. In short, Oftel and the competitive approach to regulation of the telecoms network has failed the country and has played a significant part in the write down of telecoms equity and investments.

In contrast to the UK, where Broadband penetration is less than 1%, in South Korea it is 14%. This is partly due to government intervention and investment in their telecoms network. Broadband technology has enormous potential as a vehicle for public good and economic prosperity. It can facilitate improved communications in all areas of life including business, education, health and even enhance our democracy. E-commerce is now a living reality. And it has the potential to grow very quickly and serve the public good. The CWU – like the business community – must be prepared for the exponential changes that will take place in the UK communications industry. Convergence of broadcasting, posts and telecoms proceeds apace. We cannot be in denial of this fact. It is therefore vital, in our opinion, that the CWUs input into the forthcoming Communications Bill takes full cognisance of convergence and that we put forward an alternative model of regulation that provides for rational planning and investment in the UK telecommunications network that will make Broadband Britain a living reality. If, because of the current telecoms debt crisis, private investment is not available then a public finance alternative would be prudent. After all, investment in

telecoms is profitable. The assets purchased are interest bearing. And investment would therefore be in accordance with the government Treasury's golden rule. And if a surplus is created, we say better it serve the public good rather than private profit.

As I stated in my previous letter to you last November, the campaign must be taken up in the workplace, amongst the general public and in the wider labour movement and political arena. It must include the promotion and defence of CWU members interests wherever they are employed in the postal and telecommunications industries. It must cover job security, terms and conditions, union rights and recognition, union membership and ownership of our industries. These are existing Branch policies. And our view is that the CWU has no further time to waste here.

These issues are of critical importance to our Union and the job security of our members at this point in time. We welcome your commitment towards the defence of jobs and job security in our industries as expressed in your General Secretary's column of the November/December 2001 edition of the CWU Voice. Indeed, we totally agree with you that we are living in "The Age of Insecurity". Hence the importance that we unite as one Union collectively in defence of our members livelihoods.

In terms of the Post Office, we face the threat of creeping liberalisation and back door privatisation. Commercial freedoms were always going to lead to competition with the associated market pressures for cost reduction through restructuring, job cutting and attacks on the terms and conditions of employment of our postal members. A press report in 2001 said that a document marked "strictly confidential" sets out a strategic five-year plan by Consignia to outsource services, reduce staff and slash costs. Another paper report states that "BT seeks to take over Post Office van fleet" and will probably then spin both fleets off into a separate company. The report continues to highlight that there has been further speculation that the government wants to split the Post Office up. We want the whole Union to support postal members in their struggle to oppose creeping liberalisation and back door privatisation of the Post Office.

Regarding UK telecommunications. The demerger of the former wireless arm of BT, mmO2, was agreed by an overwhelming 98% of votes cast by shareholders. We should not be surprised at this result – I am not. The demerger was delivered by major institutional shareholders voting in their own short-term financial interests. It is clear that the City and shareholders took little or no notice of the Union's campaign to leave BT

as an integrated fixed-line and wireless telecommunications company. The CWU must therefore now take this lesson on board and instead mount a Union membership based campaign to oppose the breaking-up of what is left of BT Group plc. This was the view of our Branch as expressed by myself at CWU annual conference in June 2001 and earlier in writing to Jeannie Drake, DGS(T) on the 30<sup>th</sup> January 2001.

It is public knowledge that BT are still considering many other restructuring options. The sell-off options reported to date include the core network, local loop, motor transport, stores, payphones and Telecom Red. Data and Desktop Services (D&DS) has already been sold off to Computacentre. And Concert has been wound up resulting in uncertainty and redundancies. It is a fact that the job security and terms and conditions of CWU members in former parts of BT have deteriorated. For example, in e-peopleserve, now fully owned by Accenture, sick pay entitlement has been cut in half and special leave provisions introduced without pay. And in City Business Products (CBP) in Syntegra, a part of Ignite, NewGRID common terms and conditions have been denied to Union members with compulsory redundancies declared. Moreover, the shift from defined benefits to inferior defined contributions pensions schemes is also of deep concern to our members.

BT have made staff on fixed term contracts (FTC) on Network Build internal and external construction duties redundant without asking for volunteers first. Additionally, it is also very worrying that CBP and e-peopleserve are disregarding NewGRID common terms and conditions that should apply to their employees. The Union has a job security agreement with BT that does not allow for compulsory redundancy. The national CWU must ensure that compulsory redundancy does not become a business as usual management tool for downsizing in the Company to meet head count challenges at the diktat of City spivs and speculators.

This restructuring, liberalisation and privatisation taking place in our industries not only poses a serious threat to our members jobs and conditions. It also threatens the very existence of the CWU as a viable and effective trade union capable of defending its members interests at work and in the wider world. Privatisation of BT in 1984 has led to well over 100,000 job cuts. It is instructive to note that one can virtually draw a direct correlation to the decline in trade union membership density in the UK telecoms sector and this decline in BT jobs. Of course we must step up union organisation and recruitment. But we must also not fail to recognise the above underlying structural reasons for membership decline

in our industries. And then continue to compound this mistake by failing to address these reasons. This, we believe, is to make a fatal mistake.

The Union has within itself vast experience and knowledge of strategies we need to share moving into these difficult times. In the Post Office the effective use of industrial muscle and the successful campaign in opposition to privatisation. In telecommunications the experience of piecemeal liberalisation, privatisation, regulation and restructuring.

As you are fully aware, there is a growing mood of opposition to the excesses of liberalisation and privatisation in the UK. The general public lost confidence in Railtrack way ahead of the governments final recognition that it was a dismal failure and an unnecessary drain on public finances. And the growing labour movement campaign in defence of public services is also welcomed by this Branch. Like in the successful campaign run by the CWU against Post Office privatisation by the Tories we will need to win public support for our arguments. Increasingly the general public is seeing through the dash for profits motive of privatisation, the Private Finance Initiative (PFI) used in the provision of public services and the Public Private Partnership (PPP) for London Underground. However, this Branch believes that what we preach in terms of job security and conditions at work for other workers we must strive to put into practice for the benefit of CWU members in the UK postal and telecommunications industries.

Of course the CWU is not an island. And you have already demonstrated your commitment towards working with other like-minded organisations in the defence and promotion of public services. As you know, GMB and Unison are devoting vast resources towards defending publicly funded public services. Our campaign against the liberalisation plans of Postcomm has been a positive experience so far and we need to keep up this fight in opposition to the regulation of UK posts that will lead to back door privatisation of the Post Office. However, the Central London Branch believes that we can build on the effectiveness of our activity in opposing privatisation to date by uniting all our members in posts and telecoms with the wider trade union and labour movement in opposition to restructuring, liberalisation and privatisation that is detrimental to the jobs and conditions of CWU members.

Hopefully, the policies that we pass at our annual conference this year will lead us in the direction of uniting the CWU and the wider trade union and labour movement behind a united campaign to defend and promote public

services for the good of the public. If we can assist you or the Union in any way on this matter please do not hesitate to contact us.

In view of the importance that we place on this matter I will be copying this correspondence to all CWU Executive members and Branches.

We would be interested in your views on this matter and look forward to your reply.

Yours fraternally,

*G. F. J. Heather*

Gary Heather, Branch Secretary.

cc CWU Branches  
CWU National Executive Committee members