WORDS **PHIL RUTHVEN** CHAIRMAN IBISWORLD

Touching base

The tyranny of distance, so long the bugbear of Australians, is fading rapidly in this new age of communication technology.

AUSTRALIA HAS JUST 2.7 persons per square kilometre over 7.7 million sq km of largely inhospitable land. It is one of the most thinly populated nations on earth, with the world average being 44 persons per sq km. If we had the world's average density we would have 340 million people, not 20.7 million.

Through most of Australia's modern history communications were difficult to develop, expensive and slow. The high-speed broadband roll-out is a current example of such slowness. For a long time, as in other nations, we depended on postal and, after 1854, telegraphic services. Our first postmaster was appointed in 1809 and our first pre-paid postage began in 1838.

Despite all the advances in telecommunications, letters, parcels and courier services are still popular. Last year more than 5.4 billion mail items were delivered – more than 260 per person or one a day per person in the working week. We spent $8 billion last year on mail and courier services. This spending is growing at just one per cent a year in constant dollar terms, compared with nearly 12 per cent growth in ISPs.

This year Australians will spend around $45 billion on all forms of communications; 64 per cent of this will be by households. Real growth in dollar spending is forecast by IBISWorld to be two per cent per annum into the next decade, but volume growth is likely to be much higher at around 7.5 per cent due to productivity gains. Over the past five years the output per hour worked in the communications industry improved by 5.3 per cent per annum compared with 1.6 per cent for the overall economy.

In a breakdown of expenditure for 2006, mobiles and the internet are where the action is. Nearly 17 million mobiles are in use, already outnumbering fixed-line telephones. Gen Xers (25-45 year-olds) and the Net Generation (18-24 year-olds) boast ownership penetration of more than 85 per cent.

Growth in SMS and MMS messaging has been phenomenal, rising by 40 per cent a year from 1.9 billion messages in 2001 to 10.2 billion in 2006. Last year the level of SMS messaging was twice the volume of all postal articles.

The internet story is breathtaking. Since the early 1990s its acceptance and use rivals the take-up of almost all other new technologies in a century. More than 60 per cent of households have internet access, with broadband connection now poised to overtake dial-up. More than 60 per cent of home internet use is personal; work and business use is now close to 20 per cent; studies and education not far behind. Messaging on the internet now rivals mobiles and the volume of information accessed is enormous. It would seem that the tyranny of distance is no more.

COMMUNICATIONS SPENDING (2006)

Wired	$14.3b
Mobiles	$12b
Couriers	$4.4b
ISPs	$4.3b
Postal	$3.6b
Resellers	$3.3b
Other	$0.5b

TOTAL $42.4 Billion

SOURCE: IBIS WORLD

billion

5.4

MAIL ITEMS WERE DELIVERED LAST YEAR

Labour of love: British post office workers busy filing at the Money Order Department of the Post Office, Holloway, London, England, March 11, 1935

Growth in SMS and MMS messaging has been phenomenal, rising by 40 PER CENT a year

$45,000,000,000

WILL BE SPENT THIS YEAR BY AUSTRALIANS ON COMMUNICATIONS 64 PER CENT OF THIS WILL BE BY HOUSEHOLDS. SOME 17 MILLION MOBILES ARE ALREADY IN USE, OUTNUMBERING FIXED LINE PHONES

PHOTOGRAPHY: GETTY IMAGES

THE AUSTRALIAN

Sales pitch part of Telstra's 'service'

Michael Sainsbury
22 May 2007

TELSTRA is forcing its customer service staff to sell internet, mobile phone and other products to callers and has put 20 per cent of their salaries at risk if they fail to reach sales targets.

The giant telco is now converting all its call centres to sales centres, where previously it had separate staff to deal with complaints and billing inquiries.

"Every customer needs to be sold something if you wish to hit your target," a Telstra call centre staffer told The Australian, on condition of anonymity. "The company is undertaking coaching for sales staff ... on how to take a call further so that the company can increase revenue."

Telstra's main rivals - Optus, Vodafone and Hutchison - said they had dedicated customer service staff who were not required to sell new services.

"Our customer service staff are purely engaged in responding to customer enquiries," Vodafone service director Bob Buiaroski said.

"We are completely focused on what customers want and do not try to use a call for help as a sales opportunity."

Employees of Telstra, which made $3.18 billion in profits last year, have been given targets relating to how quickly they can finish calls and how many internet connections and mobile data packages they can sell.

The new staff conditions, part of Australian Workplace Agreements used to sign up employees, are part of a major strategic shift in how Telstra uses it customers service centres.

For example, if a customer phones a mobile call centre to have message bank removed from their service they would be asked by a consultant to look over their account. Then staff are expected to sell the customer something, be it a new plan or a handset.

Staff have been told that if they do not meet sales targets their salary will be

reduced by one-fifth. But they can also make extra money by exceeding their targets.

Targets vary across the organisation. One example, in a Queensland sales centre, was for $360 in sales a day.

Full-time call centre staff employed by Telstra earn about $45,000 and contract workers in its outsourced call centre are paid as little as $14.50 per hour.

"The work environment is like a pressure cooker as staff are extremely stressed," one former employee said.

The Australian understands that call centre staff morale is at an all-time low.

Telstra declined to answer any of a list of questions put to it by The Australian about its call centres, staffing and remuneration policies.

The conditions for Telstra's call centre employees stand in stark contrast to those of its senior executives.

Telstra chief executive Sol Trujillo received $8.7 million in remuneration for the year to June 30 last year.

As part of his salary, Mr Trujillo received a $1.5 million bonus for writing a strategic plan for the company.

Most companies have this as part of a chief executive's duties.

In a series of stories last year, The Australian revealed that Mr Trujillo paid management consultants $54 million to assist with the plan.