

Dear Colleague,

O₂ Pay Review 2012 - CWU Moves to a Consultative Ballot

The CWU has now received a formal and final offer from Telefónica for CWU pay grades, covering 2012 and 2013.

As previously reported the offer is for a **2.75%** pay increase broadly across all grades for 2012 and an increase of **2.5%** across the board for 2013.

The CWU has **rejected** this offer for the following reasons: -

- **2.75%** for 2012 is below the average pay settlements which currently stands at 3.0%.
- **2.75%** is not consolidated for all grades and also does not increase the minimum starting rate for some pay grades.
- A two year pay deal for **2.5%** in 2013 gives no assurances or guarantees on the cost of living increase.
- The company has failed to respond to the CWU's claim on improvements to pay progression

Further reasons for rejection;

- Previous successive pay increases have not kept pace with the cost of living, nor have they kept pace with those in BT.
- It is estimated that the Telefónica Directors have received an increase of over 70% to their remuneration package over the last 7 years.
- Despite poor end of year pay results in Telefónica UK this is still a hugely successful, profitable company.
- Last quarter results reflected poor business decision making in the UK, where tariffs were not adjusted quickly enough in line with competition. This is not the fault of CWU members' and they should not be penalised as a result.
- Customer Service by O₂ employees was recognised by the Telecoms regulator Ofcom in 2011 as second to none with the lowest number of customer complaints among all networks
- A further pension review is ongoing which will result in auto-enrolment and added expenditure for a significant number of CWU members who are lower paid. Also those existing CWU members in

the final salary sections of the O₂ pension plan have already had to pay an additional 4.0% in contributions.

- In the recent Telefónica pay update it stated that the CWU were not in a position to discuss any other alternatives. The CWU **is** in a position to discuss other alternatives and have stated so accordingly, however these must include an increase in the **2.75%**.
- They must give assurances about the second year.
- They must also address our claim for improvements in pay progression.

Moving to Ballot all CWU members on rejection of offer.

The CWU Telecoms Executive has endorsed the position of the National Negotiating Team to reject this offer and move to a consultative ballot via the CWU membership.

Further details of the consultation exercise and local meetings where you can attend and ask questions of your CWU representatives will be circulated shortly.

If you have any questions contact details of your local representative can be found along with all O₂ Newsletters on <http://www.cwu.org/24120/o2.html>.

Yours sincerely



Sally Bridge
CWU Assistant Secretary