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'Spend bonuses on service instead' - Telstra's retail army speaks

By **Garreth Hanley**

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Paul Nicholson knows as well as anybody just how tough it is to be a Telstra shareholder.

He was one of the more than one million retail investors who bought into the company's float almost 20 years ago as a chance to get a slice of an Australian institution.



Paul Nicholson questions the value of the bonuses awarded to Telstra executives JUSTIN MCMANUS

He has been dismayed to watch the share price fall from its peak well above \$7 to just over \$3 on Friday and questions the value of [the controversial bonuses paid to Telstra executives](#).

“I would prefer to see the the money being spent on executives going to employing local customer service staff. I don’t think the money should be going to executives when the performance is down. If the performance was up it would be a different,” he says.

Payments to executives including chief executive Andy Penn are shaping as a flashpoint at Telstra annual general meeting on Tuesday and have already prompted an apology to shareholders from chairman John Mullen.

Telstra shares closed at \$3.08 on Friday down about 5 per cent (from \$3.23) over the week and 17 per cent from the recent high in January of \$3.75.

Against that backdrop professional advisory firms have recommended their institutional clients vote against the adoption of the company's remuneration report at Tuesday's meeting. The Australian Shareholders Association has backed the board's plan.

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Paul Nicholson

"I'm not planning on selling, [and] while I'm disappointed and somewhat disillusioned with them I'm not planning on selling," says Nicholson.

He says his disillusionment comes from a sense the company is not focussed on the service it provides which drives away customers.

"It used to be owned by the people and so when was offered to the public I bought shares and have added periodically," he says.

Geoff Donohue also bought into Telstra's initial float and, like Donohue, bemoans poor performance and service which makes swallowing executive bonuses difficult.

He says he supports the company's efforts to improve performance through a drastic \$2.5 billion cost-cutting plan over the next four years which includes restructuring management and shedding thousands of jobs, and [in a recent email staff have been told not to expect new laptops.](#)

"I'm all for cost cutting, but 8000 people are losing their jobs and in the next sentence others are being rewarded despite a poor performance is a bit tough," he says.

"I read the letter to shareholders from Mr Mullen and it's interesting they always talk about the challenging environment but that's just competition and it's their job to perform."

Donohue says that as a customer "the service process is like being in a washing machine" as customers were bumped from one department to another.

"They need to look at their baseline customer service, their product prices aren't the cheapest and there needs to be a service promise and delivery with that, consumers will vote with their feet," he said.