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4th August, 2008.

Ms Andrea Grant,
Group Managing Director,
Human Resources,
Telstra,
242 Exhibition Street,
MELBOURNE. VIC. 3000.

Dear Ms Grant,

We refer to your letter dated 25 July 2008 addressed to the CEPU, in which you advised that Telstra had withdrawn from EA negotiations.

In your letter you indicated that Telstra had taken this decision because it believed that by seeking to document a more constructive approach to industrial relations with the company, unions were asking Telstra to enter into an agreement that was not compliant with the previous Howard Government's Construction Industry Code and Guidelines (the Code). You believed that an "illegal" agreement of this nature would jeopardise Telstra's National Broadband Network bid. Lastly, you asserted that such an agreement would not be democratic.

As we said in our letter to Darren Fewster dated June 18, "The ACTU/SBU takes these concerns very seriously and as explained at the meeting we, at no stage, are seeking to have the company break the law or jeopardise its chances of winning the FTTN contract because of what might be seen as unlawful company behaviour."

The unions have approached these negotiations with a genuine desire to move away from the adversarial approach of the more recent past, and to work constructively with the company as it negotiates the enormously challenging technological, commercial and regulatory era that lies ahead. It is in our members' interests that Telstra is successful and it grows.

Unions used the draft Constructive Relationship Agreement (CRA) to spark debate about a new method of moving forward with Telstra. We later refined the principles to the Memorandum of Understanding (MoU). We have offered, and reiterate that offer today, for this MoU and the new, positive relationship it signifies to be the subject of a company-wide vote.

Last week, unions received advice from the Commonwealth Department of Education, Employment and Workplace Relations (DEEWR) confirming that our MoU, adjusted slightly to take into account your feedback, was perfectly legal.

This advice from the relevant umpire, along with our offer of giving employees a democratic vote on the new relationship, means your stated concerns are now void.

Although we think a positive relationship would be in the interests of employees, shareholders and customers, we have not placed any preconditions on bargaining. We will represent our members and their colleagues and negotiate with the company at any time.



CEPU

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We are particularly concerned that Telstra's loyal employees will be disadvantaged as a consequence of the refusal of the company to meet and negotiate a replacement Enterprise Agreement.

We therefore now invite Telstra to re-commence the negotiation process for a new Enterprise Agreement in good faith; and look forward to your positive response.

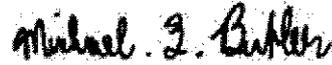
Yours sincerely,



Ed Husic,
DIVISIONAL SECRETARY.
CEPU



Stephen Jones
NATIONAL SECRETARY.
CPSU



Michael Butler,
ACTING CHIEF EXECUTIVE OFFICER.
APESMA

Enc.



Australian Government
Department of Education, Employment
and Workplace Relations

National Office

GPO Box 9879 CANBERRA ACT 2601

4811/08

Mr G Fary
Assistant Secretary
Australian Council of Trade Unions
Level 6, 365 Queen Street
MELBOURNE VIC 3000

Dear Mr Fary

I refer to your submission of 30 July 2008 in which you requested the Department's advice about whether the proposed Memorandum of Understanding, as noted in your request, is compliant with the National Code of Practice for the Construction Industry (the Code) and the Australian Government Implementation Guidelines, reissued June 2006 (the Guidelines).

The Draft Memorandum of Understanding is Code Compliant.

Please refer to the individual assessment below.

Please note that some agreements may now contain terms and conditions that are prohibited content under the WR Act. Similarly, some federal awards may contain terms and conditions which are now non-allowable matters. Clauses containing prohibited content or non-allowable matters are void and unenforceable. It is important you note the on-site application of clauses containing prohibited content is not permitted under the WR Act and is non-compliant with the Code and Guidelines. I have not examined the Memorandum of Understanding for all void and unenforceable terms. You may therefore wish to seek legal advice, contact your industry association, or to ensure your agreement does not contain prohibited content, the Workplace Authority Workplace Agreements Information Service on 1300 366 632 or their website at www.workplaceauthority.gov.au.

Although it is important agreements and awards comply with the Code and Guidelines, it is equally important the practical, on-site application of any award or agreement also be compliant with the Code and Guidelines. The Office of the Australian Building and Construction Commissioner monitors behaviour on sites to which the Code and Guidelines apply, and investigates any alleged breaches of them.

The Draft Memorandum of Understanding

I have examined the Draft Memorandum of Understanding and consider it to be compliant with the requirements of the Code and Guidelines.

I would advise you that the practical on-site application of the draft Memorandum of Understanding should also be compliant with the Code and Guidelines. In this context I draw your particular attention to the clauses at Attachment A.

Please note this assessment may not apply should the workplace arrangements vary from those set out above.

Business Name: Telstra Corporation		Attachment A	
Agreement Name:		Draft Memorandum of Understanding	
Agreement clauses that may be non-compliant with the Code and Guidelines subject to their practical on-site application			
Clause Number & Title	Issue	Guidelines Number & Title	
Part 3, Para Following Dot Point 4	Principles Underpinning The Constructive And Cooperative Relationship - "Telstra Acknowledges"	Employers and employees should not be restricted in their agreement making options	8.2.1 Workplace arrangements - Restriction on choice of agreements
Part 5 - Dot Points 3,4,5	Initiatives To Progress And Promote This MoU - "Telstra Will"	Shop stewards and union delegates who perform a similar function to union officials must also meet the right of entry provisions of the WR Act	8.6.3 Right of entry - Union delegates

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As mentioned, this assessment relates to the Guidelines, reissued June 2006. You may obtain a copy of the Guidelines from www.workplace.gov.au/building.

If you have any further questions please feel free to contact the National Code Assessment Hotline on 1300 731 293 or email: code.assessment@deewr.gov.au.

Yours sincerely



Cath Day
Director
Building Industry Branch
Workplace Relations Implementation Group

3/ July 2008

4811/08

Memorandum of Understanding (MoU)

Telstra Corporation, the Australian Council of Trade Unions (ACTU), the Communication, Electrical and Plumbing Union (CEPU), the Community Public Sector Union (CPSU) and the Association of Professional Engineers Scientists and Managers Australia (APESMA)

1. Objective of MoU

This Memorandum of Understanding (MoU) outlines:

- The parties shared commitment to a constructive and cooperative relationship;
- The principles underpinning that constructive and cooperative relationship;
- Agreed processes to demonstrate the application of the relationship;
- Agreed initiatives to progress and promote this MoU agreement.

2. Commitment to Constructive and Cooperative Relationship

Whilst discharging their respective responsibilities to customers, shareholders, employees and union membership, the parties to this MoU – Telstra Corporation, the Australian Council of Trade Unions (ACTU), the Communication, Electrical and Plumbing Union (CEPU), the Community Public Sector Union (CPSU) and the Association of Professional Engineers Scientists and Managers Australia (APESMA) - are committed to a constructive and cooperative relationship.

3. Principles Underpinning the Constructive and Cooperative Relationship

The parties will listen to, acknowledge, and understand the context, needs and perspectives of each other.

The unions acknowledge:

- Telstra takes pride in being Australia's leading provider of telecommunications and information services, with one of the best known brands in the country;
- Telstra is operating in a competitive environment characterised by rapidly advancing technologies, a changing regulatory environment and the emergence of new competitors;
- Telstra needs to have productive, dynamic workplaces and motivated employees;
- Telstra desires a positive image in the community and with its customers;
- Telstra needs to satisfy customers and increase shareholder value.

Telstra acknowledges:

- Unions take pride in representing, protecting and advancing the rights at work of Telstra employees, contractors and other telecommunications workers;
- Unions play a critical role in representing employees to ensure they are appropriately rewarded, recognised and respected, have satisfying secure jobs which enable them to balance their work with family and community responsibilities;
- Unions are membership based organisations which require adequate employer cooperation to ensure employees have a real opportunity to join;
- The Telstra workforce, whether directly or indirectly engaged, have the right to join or not join and be represented by the appropriate union; this includes the right to bargain collectively in good faith, and to have appropriate union representation and information in the workplace.

Telstra and the unions are jointly committed to developing and maintaining a positive and constructive working relationship with each other. The parties are committed to negotiating collective agreements in good faith.

4. Processes to Demonstrate the Application of the Relationship

The above principles will inform the working relationship between the parties as they discharge their respective responsibilities to Telstra's customers and shareholders and their membership.

Where possible at various times, agreement regarding the application of these principles will be documented.

The parties agree that the collective agreement currently being negotiated in Telstra is an opportunity to put these principles into practice.

The parties will work towards the negotiation of a modern Enterprise Agreement (EA) which, among other things, includes performance pay and facilitates the transfer of employees on AWAs to the EA, without disadvantage.

Telstra agrees to reflect these principles in its policy decisions and to encourage individual managers to do so in their judgment

Unions agree that their official's behaviours must reflect these principles.

5. Initiatives to progress and promote this MoU

The parties agree to promote and progress this MoU.

Unions will:

- Provide advice to members regarding the nature and importance of this MoU
- Allocate significant resources and utilise their community and political influence to seek outcomes in the interests of members, consumers and the Australian telecommunications industry
- Whilst protecting members interests, will negotiate in good faith a modern enterprise agreement
- Play a leadership role in articulating to and educating members regarding the challenging context in which Telstra operates;
- Seek to ensure that competition in the Telecommunications industry is not based on labour cost minimisation.

Telstra will:

- Provide advice to employees regarding the nature and importance of this MoU agreement;
- Agree to a termination of an Australian Workplace Agreements (AWAs) or ITEAs, if requested by an employee (including termination before the nominated expiry day);
- Ensure new employees are provided with details of this MoU with workplace representatives invited to reinforce the message;
- Facilitate employee access to workplace representatives, on a fair and reasonable basis, for the purpose of discussing this agreement, and the making of a new agreement covering their employment;
- Facilitate an agreed number of workplace representatives attending Enterprise Agreement discussions.

All parties will:

- Upon signing, provide a joint statement regarding this MoU and its principles;
- Where practical undertake joint meetings of employees, addressed by the company and unions, to explain the nature of this MoU, and the challenges faced by Telstra.

6. Compliance

This MoU and is intended to be compliant with all current laws, industrial codes and guidelines.

The parties agree to submit this MoU and any future agreements to the Department of Employment and Workplace Relations or directly to the Minister for Employment and Workplace Relations to ensure compliance.

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7. Monitoring

The parties' principals will regularly meet, at least every 12 months, to review progress with the implementation of this MoU and associated matters and discuss any necessary changes to the MoU to better reflect its aims and objectives.

If either party believes behaviour of the other parties does not reflect the principles underpinning this MoU, this will be raised with the relevant person in the organisation concerned.

If the matter is not resolved at this level, the matter should be raised with the principal of the organisation(s), or their nominee.