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19 June 2008

Dear Burt

Thank you for your letter dated 18 June 2008.

I have set out Telstra's response below. However I would like to emphasise that, in the interests of our employees, Telstra is keen to continue discussions with the SBU for a new enterprise agreement. Further, we support and are happy to discuss the principle of a shared commitment to constructive and cooperative relations, while complying with our legal obligations.

Constructive Relationship Agreement (CRA)

Telstra is pleased that the SBU and ACTU take seriously Telstra's concerns that the CRA contains unlawful and/or prohibited content. As we have made clear, in writing on 4 June and in several detailed discussions and meetings, the inclusion of such material in an EA (or in a 'side-deal' of the nature put forward by the ACTU/SBU) would put Telstra in breach of a range of requirements. For example, as we have outlined, the CRA would clearly breach the Construction Industry Code and Guidelines, putting our FTN bid (amongst other Federal Government contracts) in jeopardy. You will understand that we are unable to agree to any prohibited/unlawful content.

* { We therefore welcome your commitment that the SBU "will come back with a revised document/position in relation to the CRA". Our position remains that the SBU should drop any prohibited/unlawful content in its entirety and focus on the business of negotiating a new (valid) agreement. }

I note that the ACTU/SBU wants to explore "practical ways to progress matters in the CRA" and that Telstra's agreement to the CRA is "the basis for going forward".

Given this, and the prohibited/unlawful content in the current CRA, we hope you will be able to provide your revised document/position as soon as possible. We have tentatively scheduled a meeting on 26 June and ask that you provide us with your revised document/position at least two days prior to that meeting so that we can give it our full consideration.