



Mr Shane Murphy  
Divisional President  
CEPU Communications Division

By Email

8 May 2018

Dear Shane

**Re: Telstra Long Service Leave Policy Proposal**

Thank you for your letter dated 3 May 2018 (received by email on 4 May).

As outlined, Telstra is proposing changes to our long service leave (**LSL**) policy for Australian-based employees.

There are a number of elements to the policy proposal, which we continue to consult with our employees (and unions) about:

- Employees who have accrued over 90 days LSL will be expected to take at least 9 consecutive calendar days of LSL each year, which is equivalent to the annual accrual.
- The minimum days of LSL that an employee must take at any time will increase from 7 to 9 days.
- We have proposed that an employee may be required to take (up to) a maximum amount of 45 days LSL in any year. Any direction to take LSL will include a minimum of three months' notice.
- Employees will not be required to reduce their LSL balance below 90 days.
- Telstra's proposed policy will also stipulate a number of discretionary factors that will be taken into account relating to individual and business circumstances (e.g., employee is planning a long holiday; employee is planning for a significant event such as a wedding or child; employee has significant carer accountabilities; business area is busy and absence would put pressure on other team members).

Telstra's view is that LSL is a benefit for our people (in the form of "leave") that is provided after many years of continuous service. We encourage people to plan to use their LSL for a well-deserved break, which is important for their health and well-being.

We currently have an overall financial liability associated with accrued LSL of over \$700m. This continues to grow each year in line with salary increases, additional accruals (if unused) and where employees are promoted to higher-paid roles. Approximately 43% of our LSL population have not taken a single day's LSL.

Telstra needs to think about all areas of increasing cost in what is a highly competitive and challenging industry environment.



Finally, our position is that the Long Service Leave (Commonwealth Employees) Act 1976 (**the Act**) is silent on the LSL policy proposal. We deal with such matters under policy and, whilst this represents a change to Telstra policy, this is the way we have dealt with similar policy matters (LSL or otherwise) for many years.

For example, the Act is silent on the issue of the '*minimum number of days*' of LSL that an employee should take at any time. We are proposing to increase this from 7 to 9 days. My understanding is that other organisations covered by the Act also set out such matters in policy (e.g., 15 days minimum LSL appears to apply in parts of the Commonwealth public sector).

Further, under the Act there is no '*ability or authority*' to allow an employer to cash out LSL. Whilst 'cashing out' is not a change that we have proposed at this time, I note that this is an option that also appears to apply in other organisations covered by the Act, pursuant to policy guidelines.

We welcome further constructive feedback whilst we continue consultation on this proposal.

A handwritten signature in black ink, appearing to read 'Darren Fewster', with a stylized flourish at the end.

Darren Fewster

Executive Director  
Global HR Shared Services and HSWE