



Long Service Leave (Commonwealth Employees) Amendment Bill 2006

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Contents

Purpose.....	2
Background.....	2
Main provisions	3
Concluding comments	3
Endnotes.....	3

Long Service Leave (Commonwealth Employees) Amendment Bill 2006

Date introduced: 11 October 2006

House: House of Representatives

Portfolio: Employment and Workplace Relations

Commencement: The day after Royal Assent

Purpose

To extend the operation of the *Long Service Leave (Commonwealth Employees) Act 1976* in respect of Telstra employees for a period of three years after the day on which the Commonwealth ceases to have a controlling interest in Telstra.

Background

The entitlement of employees who are employed in Commonwealth Government service to long service leave is provided for under the *Long Service Leave (Commonwealth Employees) Act 1976* (Long Service Leave Act). In general terms, the basic qualification for long service leave is that the person is, (or was), 'employed in Government service' and has been continuously employed in one or more forms of 'qualifying service' (that is, Commonwealth Government service or recognised prior service) for a period of at least ten years.

Telstra employees currently accrue long service leave entitlements under the Long Service Leave Act. The *Telstra (Transition to Full Private Ownership) Act 2005* (Transition Act) inserts transitional and saving provisions in the *Telstra Corporation Act 1991* (Telstra Act) that protect employee long service leave entitlements arising from pre-sale service that otherwise would be foregone due to the sale of Telstra. The protection applies generally to those Telstra employees with at least ten years service. However, provisions are also made for employees with less than ten years service to receive benefits commensurate with the Long Service Leave Act standard when they either complete ten years service with Telstra, or cease to be employees in circumstances under which the Long Service Leave Act entitlements would have applied, but for the sale.

The saving provisions for long service leave operate in relation to the 'designated day', that is, the day which, in the Minister's opinion, is the first day on which the majority of the voting shares in Telstra are or were acquired by persons other than the Commonwealth. The 'designated day' has been chosen as the day on which various

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Commonwealth Acts should cease to apply in relation to Telstra and transitional provisions should operate to preserve employee entitlements and benefits. Section 3 of the Transition Act provides a mechanism for public notification of the day on which the Commonwealth ceases to have a controlling interest in Telstra.

The amendments proposed by this Bill would defer the operation of the substantive and saving provisions for a period of three years after the ‘designated day’. This would have the effect of:

- ensuring that Telstra employees will continue to accrue benefits under the Long Service Leave Act for a period of three years after the day on which the Commonwealth ceases to have a controlling interest in Telstra, and
- deferring the operation of the transitional provisions relating to Telstra employees’ long service leave entitlements for a similar period.

Main provisions

Item 2 of the Bill inserts a **new Schedule 1** into the *Long Service Leave (Commonwealth Employees) Act 1976* in order to make a collection of technical amendments to the provisions of the *Telstra (Transition to Full Private Ownership) Act 2005* (Transition Act) that deal with the long service leave entitlements of Telstra employees following the sale of Telstra. The Transition Act is amended to provide that references to the Long Service Act generally will affect the operation of that Act for a period of three years from the date of sale. The [Explanatory Memorandum](#)¹ provides details of the specific technical amendments and their effects. The extended operation of the Long Service Leave Act will not affect other transition arrangements in the Transition Act.

Concluding comments

The Minister said in his second reading speech that Telstra supports this proposal.² However, the reaction of the relevant unions is unknown.

Endnotes

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1. *Explanatory Memorandum*, Long Service Leave (Commonwealth Employees) Amendment Bill 2006, pp. 4–5.
 2. Hon. K. Andrews, ‘Second reading speech’, Long Service Leave (Commonwealth Employees) Amendment Bill 2006, House of Representatives, *Debates*, 11 October 2006, p. 1.

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