

A broad band of responsibility



Cover photo

Our cover photo was taken by Dean Hebbard, a Communications Technician for Telstra in central Queensland. He was surveying an optic fibre route in a jet ranger helicopter covering Queensland and the Northern Territory.

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Welcome from the CEO

Welcome to *A Broad Band of Responsibility*, Telstra's Corporate Responsibility Report for 2007.

Both the general public and opinion leaders are giving **increased attention to issues around corporate responsibility**. Corporate Responsibility is also an important issue to the Telstra Board, management leadership and employees. That is why we are committed to an annual assessment of the progress we are making in identifying and exercising our corporate responsibilities.

At Telstra, our commitment to corporate responsibility begins with a simple and straight-forward commitment to principled decision-making, in all that we do.

From a principled perspective, **our primary corporate responsibilities are** to:

- provide **good jobs** at good wages,
- serve the needs of our **customers**,
- increase shareholder value and protect **shareholder interests**,
- provide **good stewardship of the environment** – first and foremost by conservation (i.e., by increasing efficiency in the way we use resources), reducing operating costs, and minimising our environmental footprint,
- contribute **resources** – people, money, technology, products and services – to support the communities in which we operate and the needs of the larger society,
- advance the **national interest** by strengthening the capacity of the **nation's telecommunications nerve centre**, operated by Telstra, and providing the nation a **foundation for economic growth**, productivity improvement, sustainable prosperity, and global competitive advantage.

Let me begin with an **overview of the economic dimension of our corporate responsibility**. During the past financial year, Telstra's business activities:

- Supported more than **45,000 jobs**.
- Paid out **\$4 billion in salaries and wages**.
- Paid out **\$3.4 billion in dividends to shareholders**.
- Paid **\$1.6 billion in Commonwealth, state and local taxes**.
- **Invested more than \$5 billion in Australia** to continue the build-out of the Next G™ wireless network – the largest, most advanced high-speed wireless broadband network in Australia; to deploy the Next IP™ network – an advanced IP network serving Australia's businesses in the major cities; to create new and advanced business support and operating support systems; and to make other investments to transform the delivery of telecommunications services in Australia to Australians.

Over the past year, we have undertaken many initiatives that help us address our corporate responsibilities, from the way we conduct our business through to the partnerships we have established with different sectors of the community.

Our community matters

Telstra's commitment to communities affected by natural disasters continues unabated. During this past year, we provided disaster relief packages for customers affected by bushfires in Victoria, Tasmania and Western Australia during the 2006/07 summer, as well as for communities affected by floods on the central coast of New South Wales and Gippsland in Victoria. This was in addition to our "rapid response" moves that quickly restored the telecommunications network damaged as a result of these disasters.

We are also committed to serving the national interest by engaging the Australian community in a debate about the importance of high-speed broadband for the nation's future prosperity. We are advancing this debate through our Broadband Australia Campaign (**BACK**) and Telstra Active Supporters (TAS), a grassroots group of employees, shareholders, and consumers which now has more than 11,000 members helping to stimulate this important national dialogue.

Our environment matters

We continue to pursue resource efficiency opportunities across our business – including our supply chain and our customer base. New energy efficiency projects during 2006/07 saved 38,826 tonnes of greenhouse gas emissions – comparable to removing more than 8,000 cars from Australian roads in one year. We commissioned a report *Towards a High-Bandwidth, Low-Carbon Future: Telecommunications-based Opportunities to Reduce Greenhouse Gas Emissions* to investigate opportunities for Telstra and the wider telecommunications industry to dramatically reduce energy consumption using applications and services available on high-speed telecommunication networks. The report, launched in October 2007, identifies seven major opportunities that could be implemented by 2015 and, if realised, could help reduce Australia greenhouse gas emissions by around 27 million carbon tonnes per year. This is an amount that equals the annual emissions of nearly two-thirds of Australia's passenger cars or an amount equal to every light bulb in Australia.

Our workplace matters

We are investing in developing the knowledge and skills of our people and changing our culture so that Telstra becomes a more responsive, rewarding and customer-centric place to work. We are investing \$200 million over five years in our new Telstra Learning Academy, which provides education and technical development opportunities for our field staff and customer support people. Our commitment to developing the skills and knowledge of our people, along with new products and services, represents an investment in Telstra's capacity to meet the increasingly demanding, tailored and complex needs of our customers.

Our marketplace matters

On 6 October 2006 we switched on our Next G™ wireless network – Australia's largest, fastest and most advanced 3G mobile network. Next G™ has created a paradigm shift in the way Australians live, work and play across the country – and is having a positive effect on the lives of many people and communities throughout Australia. For example, Next G™ has allowed the Country Fire Authority (CFA) in Victoria to provide more responsive services to people in need as seen during Victoria's devastating bushfires during the 2006/07 summer.

At Telstra we know that what is good for Australia is also good for Telstra. It makes sound business sense to appreciate the full impact of our business decisions on the larger community and identify ways that we can improve in the future. Our confidence in our people, relationships in the marketplace, concern for the community and resolve to address environmental issues will only serve to improve the future for Australia and therefore for Telstra – and that is another reason why corporate responsibility matters.

This Corporate Responsibility Report spotlights our contributions during 2006/07. I encourage you to read it and, if you are so inclined, to provide feedback at CSR@team.telstra.com. We very much value the feedback we receive and have already acted on several suggestions from last year.



Sol Trujillo
Chief Executive Officer
26 November 2007

About this report

Welcome to *A Broad Band Of Responsibility*, Telstra's fifth annual Corporate Responsibility Report. This report covers the 2006/07 financial year for the Australian operations of Telstra Corporation Limited.

Telstra has a substantial and positive impact on the Australian economy, in the communities in which we operate, and on the lives of all Australians. The decisions we make and the way we operate our business matters. The theme *A Broad Band Of Responsibility* reflects this.

In this report we detail actions we have taken to integrate social and environmental considerations into our business. We update our on-going programs, describe new activities, and provide information on our future plans that will impact our marketplace, workplace, environment and the communities in which we operate.

It has been headline news that Telstra is undergoing a five-year Transformation. We are fundamentally changing our company, how we deliver services, how we operate internally and how we engage with customers. One of the key Transformation strategies is to simplify our systems, and reduce complexities and duplication.

Recognising different areas of concern as well as reader interests, we have grouped our corporate responsibility information into four main categories:

- Community Matters
- Environment Matters
- Workplace Matters
- Marketplace Matters

We want to share with you activities we have undertaken, why we consider these to be important, and our results. We hope that by reading this report you will hear the voices of our people who provide services, and the passion they have for their work.

We have included many Telstra stories that bring to life some of the initiatives that have taken place throughout the year. These are stories about how our actions affect Australian communities, employees, the environment and our customers.

We welcome your feedback on this report. Are we addressing issues that you want to hear about? What do you think Telstra could be doing differently or better? Does this report provide you with the information you want to know about Telstra?

Please provide us with your feedback by e-mailing Darren Moore, Senior Advisor, Corporate Responsibility, at CSR@team.telstra.com.

Our Company

Corporate Governance at Telstra

Telstra dates back to 1901 when the Commonwealth Government established the Postmaster-General's Department to manage all domestic telephone, telegraph and postal services. In 1946 the Commonwealth Government established the Overseas Telecommunications Commission to manage international telecommunications services.

We have gone through a number of restructures and name changes since that time including:

- the Australian Telecommunications Commission, trading as Telecom Australia, in July 1975;
- the Australian Telecommunications Corporation, trading as Telecom Australia, in January 1989;
- the Australian and Overseas Telecommunications Corporation Limited in February 1992;
- Telstra Corporation Limited, trading internationally as Telstra, in April 1993; and
- trading domestically as Telstra in 1995.

As Australia's leading telecommunications and information services company, Telstra is the "nerve centre" of Australia, with one of the best known brands in the country. We offer a full range of services and compete in all telecommunications markets throughout Australia, providing close to 10 million fixed line and more than 9.2 million mobile services. To read more about our services, visit the *Telstra Profile* section at www.telstra.com.

At Telstra our corporate responsibility vision is to connect with our people, customers, communities and suppliers in an accessible, healthy and environmentally sound way. *The Telstra Vision, Mission and Cultural Priorities* can all be viewed on our website, at www.telstra.com.

The Telstra Board is committed to excellence in corporate governance and to enhancing shareholders' interests. The Board evaluates and, where appropriate, implements relevant proposals with the aim of ensuring that we continue to demonstrate our commitment to good corporate governance, having regard to developments in market practice and regulation.

We comply with the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations* (the ASX CGC Recommendations) released in March 2003.

Further information about our corporate governance, board practices and composition of our Board can be found in the *Telstra Annual Report 2007* and on our website, at www.telstra.com.

2006/07 highlights

Community

- Committed \$4.3 million through the Telstra Foundation to more than 850 projects to help young Australians reach their potential.
- Participated for the first time in the London Benchmarking Group's (LBG) process to value Telstra's voluntary contribution to the community. Our initial assessment, focusing on Telstra's flagship corporate initiatives, exceeded \$18.8 million in 2006/07 – making Telstra a leading corporate contributor to the community.
- Signed up more than 11,000 Telstra Active Supporters – including staff, shareholders and members of the general public – who have come together to stimulate public debate about high-speed broadband, and who support Telstra's Broadband Australia Campaign.
- Committed \$1.7 million over six years, to the Carnegie Mellon University, Heinz School Australia in Adelaide for 15 Information Technology (IT) post-graduate scholarships.
- Raised \$67,000 for the Juvenile Diabetes Research Foundation, with over 700 Telstra employees, family and friends participating in the Walk to Cure Diabetes, organised by Telstra Services.
- Entered into a community business partnership with Cavill + Co to support their HeartSmart® NPO Toolkit – a distance education tool for not-for-profit organisations to form partnerships with the corporate sector.
- Managed the service requirements of 608 customers that were affected by natural disasters in 2005/06.
- Provided domestic disaster relief services to customers and communities affected by bushfires in Victoria, Tasmania, and Western Australia, and floods in the central coast of NSW and Gippsland in Victoria.

Environment

- Saved 38,826 tonnes of CO₂ equivalent thanks to new projects targeting energy efficiency – comparable to removing more than 8,000 cars from our roads in one year.
- Planted 180,567 trees to offset 48,391 tonnes of CO₂ equivalent – a 100% increase from last year.
- Saved more than 470,000 reams of A4 paper thanks to 2.3 million customers opting to pay for their Telstra services through a Single Bill. If stacked end to end, this paper would extend 71 kilometres.
- Diverted 18 tonnes of waste printer cartridges from landfill through the Cartridges 4 Planet Ark initiative compared to 15 tonnes in 2005/06 – a 20% increase.
- Operated 10,693 solar powered sites including exchanges, radio terminals, small repeater stations and payphones. We are Australia's largest private sector user of solar power.
- Improved our office recycling rates for bottles, cans and milk cartons by 7.1%. This diverted 338 tonnes of waste going to landfill.
- Reduced the kilometres travelled by our technicians' vehicles by 5.6% thanks to Global Positioning Systems (GPS) in vehicles.

Workplace

- 82% of all employees participated in two full census employee engagement surveys – an increase of 11% from 2006. The surveys by an independent third party revealed:
 - > 77% of employees believe senior management has a clear vision for the future, which is 11% higher than the Australian norm; and
 - > 84% of employees believe strongly in the goals and objectives of Telstra, up 4%.
- Opened the Telstra Learning Academy – a \$200 million, five-year incremental investment to deliver a highly skilled and productive technical workforce to meet the changing needs of our business.
- Developed and deployed 82 courses through the Telstra Learning Academy, training more than 12,000 staff in over 70 Telstra facilities across Australia.
- Established the Virtual Women's Network by Telstra's Gender Taskforce – a network of Telstra women to share information and practical advice on self-development and work-life balance challenges.
- Launched Telstra's Disability Taskforce national rollout of the *Stepping into Program*, a four-week internship for students with a disability in their penultimate year at university.
- Updated our Occupational Health and Safety Management System, which resulted in:
 - > a 20.1% reduction in lost time injury frequency rates;
 - > a 6% reduction in workers compensation forward liability from \$208.4 million to \$196.5 million; and
 - > 18 external HS&E audits conducted, revealing that 88% of audited business groups have 'effective' or 'highly effective' HS&E Management Systems.

Marketplace

- Launched our Next G™ and Next IP™ networks in October 2006 and April 2007 respectively, creating significant social, environmental and economic opportunities for Australia.
- Assisted over 1.5 million customers every month in Australia through the *Access for Everyone* package for a total benefit of over \$200 million.
- Recycled almost 21 tonnes of mobile phones, batteries and accessories through MobileMuster, which included more than 77,700 handsets – an increase of 80% from last year.
- Reduced our Pre-Paid Mobile starter kits packaging by 73% and increased the use of recyclable materials.
- Continued our Disability Equipment Program, enabling Australians with a disability to access the Standard Telephone Service (STS) or equivalent. Throughout the year, we responded to 13,000 requests to supply disability equipment through this program.
- Commissioned a survey of *Mobile phone use among low income Aboriginal people: A central Australian snapshot*, to better understand mobile phone use in Indigenous communities.

Community Matters

As Australia's leading telecommunications company Telstra plays a key role in community development. Whether it is through plain old telephone services (POTS) or pretty amazing new stuff (PANS), we connect people and communities. We also provide strategic philanthropy, community investments, local volunteer efforts, engage and lobby government, and engage community stakeholders in product and service development. We always look for ways to make a positive contribution to society. To be involved in and understand the communities in which we operate is good for civic life and the future prosperity of Australia, which is ultimately good for Telstra – and this is why the community matters.

London Benchmarking Group

In 2007, Telstra participated in the London Benchmarking Group's (LBG) process for the first time. LBG Australia / New Zealand is a business membership organisation which provides a framework for members to measure and benchmark their corporate community contribution.

We see this as a journey that will take us a number of years to complete thoroughly due to Telstra's wide and diverse range of community contributions. In this first year we have captured our most significant initiatives such as our strategic community sponsorships, the Telstra Foundation, some of the investments associated with our community business partnerships, and some significant volunteer activities.

These flagship activities were valued at over \$18.8 million for 2006/07. Though this does not provide the total picture of Telstra's contribution, it was amongst the highest corporate contributions of the year as measured by LBG. Over the next few years we will continue to participate in this program and work towards recording the full breadth of our activities and report a true picture of the financial value of Telstra's community contributions to our shareholders, employees and the community.

Community engagement and dialogue matters

Why does this matter?

Engaging with the communities where we operate provides a valuable insight into the expectations and needs of these communities, and how we can contribute. Consultation and dialogue with community stakeholders helps to gather input and ideas, improve decision making, strengthen relationships and build trust. A company that makes a genuine effort to engage with and understand a community will reap the rewards through better meeting their customer needs, improved customer loyalty, and employee satisfaction and broader community support.

Our approach

Telstra has a long history of engaging with a wide range of community stakeholders both formally and informally through group forums and one-on-one engagements. These engagements provide an opportunity for community stakeholders to share their concerns, issues and needs directly with Telstra employees and management.

During 2006/07, Telstra placed more emphasis on engaging the Australian community about the telecommunications issues that are important to Telstra and critical for the future prosperity of Australia. Telstra employees were encouraged to take every opportunity available to inform their local communities, lobby government and raise awareness of the key telecommunications issues facing the nation.

Our performance

nowwearetalking

Since December 2005, Telstra's *nowwearetalking* website has provided a forum for public education and dialogue about the impact of telecommunications on society. The initiative is representative of how the new Telstra communicates with its stakeholders directly and more frequently across a broader range of issues.

The *nowwearetalking* website has established a reputation as one of corporate Australia's most innovative and talked about online forums. Visitors include Telstra staff, customers, shareholders, politicians, competitors and media, all eager to share their views and opinions on issues affecting Telstra, the wider telecommunications industry, and the nation.

nowwearetalking is aimed at encouraging people to become more interested in and talk more about the digital revolution, and how new digital technologies can expand choices for people (of all ages and interests), enterprises (both large and small), and communities no matter where they are located (in the city or in rural Australia). The website raises awareness about how some public policies and administrative practices prevent consumers and the nation as a whole from enjoying the full benefits of the digital revolution.

nowwearetalking carries news and views from all perspectives – including those who do not agree with Telstra – and encourages diverse conversation.

"Since coming to Telstra, I've been impressed with the great passion our people have for our company and its customers. I've also been motivated by what we can do for the nation, to improve living standards, expand exports, provide a new lease on life to a community, create jobs and more generally improve the quality of life for everyone. A common theme that employees raise with me is how we can become more engaged with consumers and shareholders in a spontaneous conversation about the potential of what we do as a business to change the lives of people and communities for the better. nowwearetalking does just that."



Dr Phil Burgess,
Group Managing Director,
Public Policy & Communications, Telstra

In keeping with this commitment to open dialogue, the website also features Telstra's first blogs – the first produced by a major Australian corporation. Blogs are like personal online journals and feature real Telstra people talking in kitchen-table English about the issues that affect them, our company, and Australia. Subjects include technology updates, community views, market and customer trends, and perspectives from regional and rural Australia.

Broadband Australia Campaign

Telstra's *Broadband Australia Campaign* (**BACK Telstra**) was launched in February 2007, to seek grassroots support for regulatory reform to enable Telstra to invest in new, commercially viable infrastructure that will deliver high-speed broadband to Australians. The main purpose of the *Broadband Australia Campaign* is to heighten public awareness of and interest in Australia's urgent need for high-speed broadband, or risk falling even further behind the rest of the world.

The campaign, involving communications to over 10 million Australians, has been successful in raising the salience of the issue with government and regulatory decision makers, political parties, and the public. Politicians of all persuasions

now accept that high-speed broadband is necessary to provide Australian communities and businesses with the technology they need to ensure Australia's future economic prosperity.

Building on the success of the *nowwearetalking* website, **BACK Telstra** marshalled the general public, shareholders and staff to the site as a virtual rallying point – spawning a level of online activism that is a first in corporate Australia.

Using interactive online tools, more than 11,000 e-mails were sent to the Minister of Communications, MPs or the Australian Competition and Consumer Commission (ACCC) calling for change. More than 15,500 people put themselves 'On the Map' calling for high-speed broadband. Thousands of people every week visit *nowwearetalking* to learn more about the issues, access tips and tools to get active, and participate in discussion forums and blogs.

Telstra Active Supporters

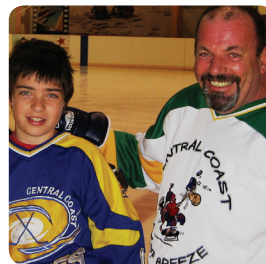
The *Broadband Australia Campaign* has harnessed the support of more than 11,000 people – shareholders, staff and members of the general community – who share a common belief that Australia needs a vibrant, strong telecommunications sector and that Telstra deserves a fair go.

They have come together under the banner of the Telstra Active Supporters group. Telstra Active Supporters was established in response to calls from Telstra shareholders and employees for a way in which they could get active and support Telstra's *Broadband Australia Campaign*. Membership is open to anyone who wants to lend their support for Telstra's plan to bring high-speed broadband to Australians. Such has been the success of the group that its scope may be extended to include other issues.

Telstra Active Supporters extend the *Broadband Australia Campaign's* voice out into the community. Supporters learn about the issues from information that's provided, talk to their friends and colleagues, write letters to newspaper editors, participate in talkback radio, and e-mail or write to their MP. Telstra provides tips and tools so that Telstra Active Supporters can decide what they want to do at their own discretion.

Visit the **BACK Telstra** website at www.nowwearetalking.com.au and learn how to get involved.

"The issue of the need for broadband in the bush is one that I know like the back of my hand. It's not rocket science. My first speaking engagement as a BACK Telstra Active Supporter not only earned Telstra accolades but also a handsome cheque for Telstra Child Flight, a cause also close to my heart. My involvement in the Erina Ice Hockey team alongside my son is another community where I undertake my ambassadorial role for Telstra's Broadband Australia Campaign."



Phil Lammert,
Area General Manager,
Telstra Country Wide, with his son

Online Learning Centre

During 2006/07, Telstra began an overhaul of its public website to improve the way we communicate with our shareholders, customers, and the public. The website is now easier to use. It has increased functionality such as podcasts and RSS feeds, which can be used to send information on content updates directly to your personal computer, web-enabled mobile phone or web-based reader. This means that no matter where you are you can keep up-to-date with the latest announcements, speeches, reports, radio grabs and other initiatives at Telstra and across the telecommunications industry.

A recent addition to the website is the telecommunications timeline, a learning resource for anyone wanting to learn about key Telstra and wider telecommunication industry milestones. Telstra understands the importance of educating young Australians about the history of telecommunications in Australia, and has developed the timeline for Year 9 to adult reading level. The timeline complements the *Learning Centre* on Telstra's website, which contains an increasing range of resources covering mobile communication, advances in telecommunications technologies and interactive communication.



Visit www.telstra.com/abouttelstra to find out about Telstra's history, telecommunications and learning aids for school children.

Volunteering matters

Why does this matter?

At Telstra we believe that one of our most important corporate responsibilities is to voluntarily contribute resources, people, technology, infrastructure, products and services to support the communities in which we operate. Volunteering gives people additional and transferable skills, increases a company's standing in the community, and is likely to improve workforce morale and result in improved recruitment and retention. It also provides the community with motivated and skilled volunteers that can extend the capabilities of not-for-profit organisations.

Our approach

Employees are encouraged to participate in volunteering activities with organisations, charities or community groups with which they connect. For example, Telstra has actively supported the volunteers involved in establishing and maintaining the Telstra Museums. Telstra also supports the Walk to Cure Diabetes, Movember and a range of other organisations and events. Regular articles regarding employee involvement in the community are published on the homepage of Telstra's Intranet so that employees can become engaged with and read about the initiatives in which employees choose to be involved.

Our performance

Telstra Museums

The Telstra Historical Collection is the definitive representation of the historical development of telecommunications across Australia. It is a vast collection of thousands of items collected over more than 75 years, spread nationally across a number of sites.

The collection exists because of the passion and commitment of a small group of volunteers who have dedicated hundreds of thousands of people hours to the collection, restoration, preservation and accessibility of the history of Telstra and telecommunications in Australia. These volunteers refer to themselves generically as the "Telstra Museums". Their commitment was recognised with an Order of Australia Medal awarded to Brian Mullins (a retired Telstra telegraphist) in the 2007 Queen's Birthday Honours list for his service to the community, particularly through the Telstra Communications Museum in Bankstown, New South Wales. The prestigious award is testament to the hard work of all involved in preserving Australia's telecommunications history.

The volunteer organisations that manage the main locations in Brisbane, Sydney and Melbourne consist largely of Telstra, Telecom, and Postmaster-General Department retirees, as well as current employees. Many of them have built relationships with representatives of Australia's state museums such as the Powerhouse Museum in New South Wales and Museum Victoria (Science Works). These relationships have assisted the volunteers to develop some curatorial expertise.

"The telecommunications museum at the Hawthorn Telephone Exchange in Victoria is the only one of its kind in Australia with respect to exhibition format. The level of interest from the public is ever increasing and the ability to exhibit over 150 years of Australia's telecommunications heritage is an educational benefit both now and certainly into the future."



Stefan Nowak

President,
Victorian Telecommunications Museum

Telstra story - Microphone gift for the Sydney Harbour Bridge's 75th Birthday

In March 2007 Telstra and the volunteers of the Telstra Museum in Bankstown donated a microphone, used to open the Sydney Harbour Bridge 75 years ago, to the Powerhouse Museum for all Australians to enjoy. The Reisz microphone is a rare example of Australian technology, manufactured in 1930 and used to broadcast the 1932 opening ceremony of the Sydney Harbour Bridge to thousands of people. This historically significant microphone was signed by all 10 dignitaries at the opening ceremony, including NSW Premier John T Lang, NSW Governor Philip Game and the Bridge's Chief Engineer, JJC Bradfield.

"Telstra is proud to share this wonderful piece of Australian history with the community on the 75th birthday of the Sydney Harbour Bridge," Telstra's Group Managing Director, Public Policy & Communications, Dr Phil Burgess said at the presentation ceremony. "Every good piece of history has a story behind it and this microphone is no exception."

Thanks to the Powerhouse Museum, many more people will be able to see the microphone and understand the role it played in unveiling a great Australian icon. Powerhouse Museum Director, Dr Kevin Fewster said that the microphone would be a valuable addition to the Museum's information technology collection. "The microphone is significant in that it reflects an important occasion in Australian engineering and social history," Dr Fewster said.



(L-R) **Henry Cranfield**, OTC Veterans Group and **Brian Mullins**, Telstra's Historical Collection oversee the presentation of the Telstra donated microphone to **Matthew Connell**, Powerhouse Museum.

"Telstra is proud to share this wonderful piece of Australian history with the community on the 75th birthday of the Sydney Harbour Bridge," Telstra's Group Managing Director, Public Policy & Communications, Dr Phil Burgess said at the presentation ceremony. "Every good piece of history has a story behind it and this microphone is no exception."

Walk to Cure Diabetes

Each year the Juvenile Diabetes Research Foundation (JDRF) holds a five-kilometre "Walk to Cure Diabetes" in capital cities and other key locations around the country. In 2006, Telstra Services was involved in the walks, seeing it as a great way for Telstra employees and their families to come together and raise money for a good cause.

JDRF is the leading non-profit fund provider and advocate of Type 1 diabetes research worldwide. It operates as a global business focused on raising money and directing it effectively towards research to find a cure as soon as possible. Type 1 diabetes affects every aspect of a person's life and managing Type 1 diabetes involves whole families, not just the person with the disease. There are 140,000 children and adults in Australia living with Type 1 diabetes.

During the 2006 calendar year, Telstra Services raised \$67,000 for JDRF with over 700 Telstra employees, family and friends participating.

Blue Ribbon Day

Telstra's Corporate Security & Investigations (CSI) group supported the Victoria Police Blue Ribbon Day in September 2006. Blue Ribbon Day is a public day of remembrance for police killed in the line of duty. It is also an occasion when the community can show their appreciation and support to all serving members of our Police Force.

CSI employees promoted the day by handing out free commemorative ribbons, taking donations and selling collectable Constable T Bears. All proceeds are used to build new and improved emergency facilities in Victoria's public hospitals.



Catherine Trice and Hannah Do from Telstra Operations during the "Walk to Cure Diabetes"

Telstra story - Former PMG employee turns 100 and celebrates with the Telstra Museum

Sydney and Melbourne had only just been linked by a trunk line when Blanche Williams was born in 1907. She went on to make the Postmaster-General's Department (PMG) her life's work. Miss Williams celebrated her 100th birthday with a walk down memory lane at the Victorian Telecommunications Museum in Hawthorn.

After 44 years of service, and retiring the day she turned 60, Miss Blanche Williams was a career employee in the telephony division of the PMG and still knows her way around the telecommunications equipment of old. She had a memorable career at the PMG, personally demonstrating equipment for Sir Dallas and Lady Brooks in 1959, winning the Silver Cup at the PMG Golf Day and playing a crucial role in the early development of the telephone network at the City West Exchange. Blanche also held an important position in the "scramble" division of the service during World War II.

Miss Williams and her family and friends accepted an invitation from Telstra to attend the Museum to view the equipment she once used. She also received many telegrams sent by other retirees who participate in Morse Code groups all around Australia.



Blanche Williams demonstrating the use of telecommunications equipment of old

Sponsorship matters

Why does this matter?

Community sponsorships provide a tangible demonstration of a company's values and commitment, extend the reach of organisations and strengthen civil society. Telstra's community sponsorships assist the broader community to access and enjoy the benefits offered by the organisations we sponsor. Our community sponsorships are a strategic part of our marketing activity and provide significant community, customer and commercial benefits.

Our approach

Telstra has been an active supporter of the community for many years through our sponsorship of the arts, sport and other community-based initiatives. Our sponsorship programs reflect the breadth of our business involvement and the range of interests held by the Australian community. Our sponsorships also demonstrate our support of all Australians from the grassroots to elite performers.

Telstra enters into sponsorship agreements with organisations and bodies that are aligned to our business objectives and strategic marketing focus. Telstra will not enter into sponsorships that cause harm or suffering to animals, or engage in activities that are outside the Code of Practice relevant to that industry.

Our performance

23rd Telstra National Aboriginal and Torres Strait Islander Art Award (NATSIAA)

Telstra has sponsored NATSIAA since 1992, recognising the achievements of Indigenous artists. The Award is an important showcase for both established and emerging artists, and has come to be regarded as the premier national event in the Australian Indigenous art calendar. The 2006 winner was Torres Strait Islander artist Ngoia Napaltjarri Pollard (pictured below left), whose artwork, *Swamps west of Nyirripi*, won the coveted \$40,000 Telstra Award. The dots in her artwork resemble water drying up and cracks in the ground forming. The award became non-acquisitive for the first time in 2006 enabling the winner to sell their work rather than it being acquired by the Museum and Art Gallery of the Northern Territory.

Banksia Environmental Awards sponsorship

Telstra's sponsorship of the Banksia Environmental Awards began in 1993. The Awards acknowledge excellence, dedication and leadership in various areas that contribute to the environment and a sustainable future. They are recognised as Australia's pre-eminent environmental awards. Visit www.banksiafdn.com for more information about the awards.

Telstra Assistance Fund

The Telstra Assistance Fund is now in its fifth year of operation. Since its inception the Telstra Assistance Fund has provided over \$3 million worth of equipment to grassroots clubs across Australia. In May 2007 Telstra provided \$1.5 million across six sporting and community organisations including AFL, Rugby League and Surf Life Saving.



Ngoia Napaltjarri with her award winning artwork, *Swamps west of Nyirripi*

Telstra Developing Athletes Grant Scheme

The Telstra Developing Athletes Grant Scheme provides financial assistance to developing athletes with a disability who display the potential required to represent Australia at future Paralympic Summer or Winter Games. Each year Telstra provides \$50,000 in grants for this scheme. In 2006, there were over 80 recipients.

Telstra Child Flight

Telstra continued its support of Telstra Child Flight, an emergency helicopter retrieval service dedicated to bringing life saving intensive care to critically ill or injured babies and children in NSW and the ACT. A fundraising campaign, led by Telstra's Sponsorship team, helped raise more than \$75,000 for Telstra Child Flight. A Community Service Announcement campaign and a Telstra brochure was included in Telstra customer bills distributed in NSW and the ACT calling on our customers to support this service through donations.

Telstra Road to Tamworth

The Telstra Road to Tamworth competition is a nationwide talent quest offering an \$80,000 prize package for the winner and the chance of a lifetime for aspiring musicians. It is an initiative that has grown out of Telstra's sponsorship of the Tamworth Country Music Festival and the national and international interest in contemporary country music.

Finalists have the opportunity to perform in Tamworth with the overall winner going to Nashville, Tennessee. The competition's best aspiring songwriter also heads to Nashville through the Songwriters Encouragement Award. In 2006 the contest involved a series of 27 heats staged across regional Australia. Heat winners won \$1,000 to assist in their travel to Tamworth for the competition's grand final, staged during the Tamworth Country Music Festival in January 2007.

Surf Life Saving Australia

Surf Life Saving Australia (SLSA) is Australia's major water safety and rescue authority and is one of the largest volunteer organisations in the country. Since 1907 Australia's surf lifesavers have saved more than 500,000 lives. Each year SLSA's trained volunteer surf lifesavers provide more than 1.4 million hours of patrol time on weekends and public holidays. As well as providing surf rescue services around the country they are also a significant provider of education services. Forty thousand Nippers learn basic surf safety skills from trained surf lifesavers who also visit schools throughout Australia promoting water safety.

Telstra supports two major SLSA programs at a grassroots level, the Beach to Bush Surf Safety Program and the Telstra Surf Life Saving Assistance Fund.

Beach to Bush Surf Safety Program

The Telstra Beach to Bush Surf Safety program is one of the largest and most innovative surf education programs in Australia. The program offers school children in regional Australia an introduction to surf lifesaving with the assistance of trained surf lifesavers using lifesaving equipment. Regional Australia has generally been disregarded in the past in terms of the delivery of surf safety programs due to distance from the beach. However, statistics show that a large percentage of drownings are of people who live greater than 50km from the beach. Programs such as Telstra Beach to Bush Surf Safety aim to reduce this figure.

Telstra Surf Life Saving Assistance Fund

The Telstra Surf Life Saving Assistance Fund provides clubs in Australia with essential rescue equipment including items such as All Terrain Vehicles (ATV), Inflatable Rescue Boats (IRB), rescue boards, rescue tubes, spinal boards and defibrillators.

The Telstra Foundation matters

Why does this matter?

Corporate philanthropy, such as the Telstra Foundation, can have a significant impact on the welfare, aspirations and achievements of those they support. This often means helping those who are disadvantaged to achieve a happy and safe environment, and also helping people with exceptional talent to succeed. Philanthropy is giving without the expectation of reward, although rewards often come through the achievements of recipients and the recognition that comes from the benefits provided.

Our approach

The Telstra Foundation supports community organisations that can make a positive and lasting difference to the lives of Australia's children and young people. At the beginning of 2006/07, the Telstra Foundation's purpose was refocused on the importance of helping children and young people to connect with their communities. The Telstra Foundation now supports projects that offer Information and Communication Technology (ICT) solutions that address issues of isolation and disenfranchisement among Australian children and young people. Also, the Telstra Foundation grant-making process has been further refined this year with a commitment to larger projects with longer time frames and a mentoring element, thus enabling stronger and longer lasting relationships with grant recipients.

Our performance

Established in 2002, the Telstra Foundation has made 3,782 grants totalling \$21.3 million through both the Community Development Fund and Telstra's Kids Fund. During 2006/07 we committed more than \$4.3 million to 851 projects through the Telstra Foundation.

Part of refocusing the Telstra Foundation's efforts during 2006/07 involved the Community Development Fund's support of three areas; social innovation, Indigenous community development and spotlight issues.

Social Innovation Grants underpin the Telstra Foundation's focus on technology and connectedness. These grants invest in innovative ideas that engage and connect Australian children and young people to their communities, especially those who are experiencing social or geographic isolation.

The Indigenous Community Development program supports projects that improve the educational and health outcomes of Indigenous children and young people, and projects that promote, protect, maintain or strengthen Indigenous culture.

The Spotlight Issue is aimed at addressing the health and well-being of children and young people. Over the next three years the Telstra Foundation's Spotlight Issue will be Cyber Safety. Children and young people have ever-greater access to Internet related services and mobile phones. This initiative seeks to ensure that they can enjoy and use these technologies in a safe and supported environment.

The success of the new direction is already apparent with a range of exciting and innovative projects funded through the Community Development Fund and Telstra's Kids Fund. For example, the Telstra Foundation supported the Indigenous Education Leadership Institute's three-year Stronger, Smarter Realities project, which focuses on improving outcomes for Indigenous children. The project engages school leaders from schools with high Indigenous student numbers in a program to learn how to create positive change.

"I can't describe how grateful I am for the Telstra Foundation's vision and belief in Aboriginal children. It shows how thoughtful they are in funding this project. They recognised something worthwhile and went for it."



Dr Chris Sarra,
 Director, Indigenous Education Leadership
 Institute
 Queensland Australian of the Year (2004)
 Australian of the Year, Regional Local
 Hero Award for Queensland (2003)

The Telstra Foundation also supported an innovative research project by Murdoch University in Western Australia which used ICT to assist talented Indigenous children to explore the use of mobile phone technology in numeracy education. Mobile phone technology is a new approach in education, engaging students by using methods they most enjoy while still within traditional school settings.

Many initiatives were supported through Telstra's Kids Fund, which provides grants of \$1200 to local community organisations that involve the participation of a child or young person directly related to a permanent Telstra employee. Schools across Australia benefited from Telstra's Kids Fund grants which met requests for musical equipment, educational software and resources, sport and recreation equipment, and building upgrades. Local sporting clubs, community groups, playgrounds and hospitals also benefited from receiving a grant from the *Telstra Foundation* as a result of requests by Telstra employees.

One of the 851 grants received during 2006/07 through Telstra's Kids Fund was presented to 4MBS ClassicFM's Kids' Classics radio program, an online music program and radio course that encourages underachieving children to expand their musical experience.

"I can't describe how grateful I am for the Telstra Foundation's vision and belief in Aboriginal children. It shows how thoughtful they are in funding this project. They recognised something worthwhile and went for it."

Community business partnerships matter

Why does this matter?

The corporate sector can provide much needed funds, resources and expertise to support not-for-profit, charity and community organisations. Community investment, through community business partnerships, delivers benefits not only to the partnered organisation and its clients, but also to a company's overall reputation and long-term business success. A company's support of the community in this way helps demonstrate to employees that it is genuinely committed to social responsibility, potentially improving morale, loyalty and profitability.

Our approach

During 2006/07, Telstra continued to identify and develop community business partnerships, where we supported charity and not-for-profit organisations through the provision of our products and services, and the skills and capacity of our organisation. We developed partnerships seeking to reduce the impacts of social and geographic isolation or increase social inclusion, with a focus on health, employment and education. Our community business partnerships help individuals and organisations access the information and services they need, when and where they want.

Our performance

onTrac@PeterMac

Established in 2004, the onTrac@PeterMac program is Australia's first and only program dedicated to delivering clinical services and researching best-practice care for adolescents and young adults (AYA) with cancer. onTrac@PeterMac is a holistic cancer care program delivering clinical, oncology, psychological, social, educational and palliative care. The young people targeted by the onTrac@PeterMac program suffer from specific, uncommon types of cancer but due to the wide distribution of patients across large numbers of adult focused hospitals, they have not previously received focussed support for their specific needs. Consequently, AYA's are the only patient group not showing the improvements in reduction and survival that all other cancer groups are achieving.

Telstra's Community Investment group have worked with the onTrac@PeterMac team to develop a telemedicine model which will extend the reach of the program to regional cancer patients, doctors and families. Telstra will provide the video and voice conferencing solution to enable the specialist onTrac@PeterMac team to work with oncologists and GPs in their regional locations via Telstra's wideband network. The conferencing also means onTrac@PeterMac can provide their range of psychological and social, educational and palliative care to regional patients and families in their homes.

Through Telstra's provision of Next G™ wireless turbo cards, patients will be able to use the video and voice conferencing to establish peer or patient-to-patient support networks.

The second stage of the onTrac@PeterMac program is planned to commence in late 2007, with a trial focused on the Loddon Mallee area of Victoria. It is aimed at extending the reach of this leading program to regional patients and reducing the physical, emotional and economic cost of rural and regional patients having to travel to Melbourne for some elements of their care.

Murdoch Childrens Research Institute

Telstra's Community Investment group worked with Dr Sophie Reid from the Centre for Adolescent Health, Murdoch Childrens Research Institute to help with the development and application of a tool that uses mobile technology to better diagnose and treat depression in young people.

Dr Reid worked with Harvard Medical School to design the Mobile Tracking Young People's Experiences Program (Mobile TYPE) – an innovative, youth-friendly and easy-to-use mobile phone program which can track everyday moods, activities, stresses, coping strategies and other lifestyle factors associated with well-being in young people. The program self-initiates four times per day and alerts the young person to complete an entry by making an SMS-like sound.

The Telstra Foundation initially provided \$50,000 for the project, which contributed to the employment of staff and the development of the survey as a clinical tool for application on mobile phones.

Telstra's Community Investment group, in collaboration with colleagues across all areas of Telstra, continue to work with Dr Reid to implement this application. Telstra facilitated the involvement of our suppliers, Legion Interactive, to develop the technology interface required to deliver the survey information in useful form to the physicians and researchers. Through our supplier ZTE we provided mobile phones and we set up pre-paid Telstra accounts to enable young patients to participate. Finally Telstra will deliver the SMS on the Telstra mobile network at no cost to the patients ensuring no-one is excluded from participating in the trial.

"The support of Telstra and the Telstra Foundation has been the critical success factor in the development and implementation of our Mobile TYPE program. We have received financial and practical support from Telstra, and through their suppliers, ZTE Australia and Legion Interactive, we have received donations of mobile phones and data polling and transfer services. With the ongoing partnership with Telstra we hope to roll out the Mobile TYPE mental health assessment and management program to the state and national level to assist young people and their doctors to better manage mental health problems."



Dr Sophie Reid

Research Fellow, Murdoch Childrens Research Institute

National Stroke Foundation

Telstra's support for the National Stroke Foundation's National Clinical Guidelines for Stroke Rehabilitation and Care continued throughout 2006/07. Telstra's Community Investment group also assisted the National Stroke Foundation by participating in their review of current market positioning and their exploration of future opportunities to raise awareness of the National Stroke Foundation and its work in stroke prevention, care and rehabilitation.

Cavill + Co HeartSmart® NPO Toolkit

During 2007, Telstra entered into a new community business partnership with Cavill + Co to support their HeartSmart® NPO Toolkit – a distance education tool for not-for-profit organisations (NPOs) to form partnerships with the corporate sector. This program develops the internal capability of NPOs to seek business partnerships based on brand synergies, mission and core values. It also prepares them to successfully manage and deliver the objectives of these partnerships over their term.

Recognising that all charities could benefit from the HeartSmart® process but may not be able to afford to hire a consultant, Hailey Cavill developed her capability into a toolkit, supported by 10 monthly tutorials and additional consulting. It is a rigorous program requiring a year's commitment by participating organisations and, because of support from partners like Telstra, provided at a highly reduced cost.

Telstra's contribution has been to assist with reviewing the course materials and specifically to enable the tutorials to be accessed nation-wide. We have made a commitment to video-conference the 10 tutorials in the inaugural program to capital cities outside Melbourne and Sydney. This will enable NPOs to participate who would otherwise be excluded by their inability to travel to Sydney or Melbourne, where the tutorials will be conducted.

The HeartSmart® Curriculum will commence in May 2008.

Carnegie Mellon University scholarships

Telstra recognises the importance of investing in the future knowledge base of our industry. One such investment involves Telstra's funding to the Carnegie Mellon University, Heinz School Australia in Adelaide, representing a total investment of \$1.7 million over six years including \$1.35 million funding for 15 Information Technology (IT) post-graduate scholarships and a proposed \$350,000 for Research & Development.

Telstra's support of programs such as this reflects its commitment to Australia's future information technology skills and capability, and provides an exciting opportunity for postgraduate IT students in South Australia.

The Adelaide branch of the Pittsburgh-based Carnegie Mellon University opened in May 2006 to offer a Master of Science in Public Policy and Management and Master of Science in Information Technology courses.

RMIT

Telstra's Community Investment group mentored the research unit of RMIT's Business Masters Program during 2006/07. Telstra hosted the group of 36 students for around one hour per week over their program and provided a practical insight into how corporations across Australia, specifically Telstra, think about and implement corporate responsibility. Dr Phil Burgess, Group Managing Director, Public Policy & Communications assisted with the review of students' final research projects. Telstra will continue its involvement in this program during 2007/08.

Disaster relief matters

Why does this matter?

Each year Australia is hit by devastating bushfires, floods, cyclones and other natural disasters, destroying the homes and impacting the livelihoods of many Australians. Assisting a community through a crisis enables them to more quickly recover while also facilitating ongoing service use by customers or potential customers. Employees who make donations to support those affected by disasters often look to the organisations they work for to provide relief. Disaster relief efforts can also enable a company to demonstrate innovation and showcase its technology, products, services and practices which may lead to new markets or expand existing ones.

Our approach

Telstra believes the most effective support at such a time is through the provision of a company's products and services, or the use of its resources. Utilising a company's core business competencies can often have a greater impact on disaster relief efforts than donating money. We have a long history of responding to communities that have been affected by natural disasters such as storms, fires, floods and cyclones in Australia, and to natural and civil disasters that occur overseas. Typically our communications technicians are among the first to enter disaster affected areas and commence restoring telecommunications services to our customers. Volunteer and First Response Leave is available to our employees. This enables them to volunteer to provide critical services for the protection of life and property.

In times of disaster our first priority is to assist the emergency and essential service organisations with their telecommunication requirements. Alongside this we offer relief packages to affected customers. Domestically, our relief packages are determined by the nature and scale of the specific event and can include support ranging across a combination of:

- free call diversion from an affected home phone service to a fixed or mobile service of the customer's choice, regardless of the carrier;
- translation of call costs from mobile phone rates to fixed phone rates for customers whose fixed home phones are affected;
- a dedicated emergency assistance hotline, with specialised trained staff to assist customers who have been affected by the disaster with respect to their telecommunications service needs;
- cancellation of a fixed phone and/or BigPond Internet service with a free reconnection within 12 months for customers whose homes have been affected by the disaster; and
- a one-off \$50 credit to eligible Telstra mobile services customers whose homes were affected by the disaster and who did not have a fixed phone.

These offers are usually available for the period of time it takes Telstra to restore services to the affected areas and customers or for a fixed period of time.

Internationally our relief packages generally include the offer to:

- rebate calls made to the affected country or area to check on the safety and well-being of immediate family; and
- rebate calls made from the affected country using Telstra's International Roaming service to advise immediate family of their circumstances.

Additionally, Telstra offers support to assist community and emergency relief organisations to help communities in affected areas. Examples of our support include the provision of pre-paid mobile phones and phonecards both for use by agencies and for distribution to those affected by the disaster, setting up free Internet kiosks, re-rating payphones to no charge at evacuation centres if established, and using our call centres and employees to operate telephone disaster relief donation lines.

Our performance

As well as the support provided to customers in the immediate term, Telstra continued to manage the long-term service requirements of 608 customers affected by natural disasters that occurred during 2005/06. This support is provided for up to 12 months after the impact of the disaster. We managed the reinstallation of home lines, BigPond and Foxtel services as required into their nominated residences over this period.

To date we have not recorded the internal costs of all of the services which Telstra brings to bear to support communities during a disaster. During 2006/07 we established cost codes to capture most of the various elements of Telstra's commitment. We reviewed our processes and improved the way we capture and provide information to our front of house consultants so they are able to more quickly recognise those customers whose services we manage over the 12 month period following a disaster.

We provided domestic disaster relief services to customers and communities affected by bushfires in Victoria, Northeast Tasmania and Dwellingup, Western Australia. Disaster relief for flood affected communities was provided on the central coast of New South Wales and Gippsland in Victoria.

The breadth of Telstra's community support is exhibited by its response to the bushfires of the 2006/07 summer. Beyond the provision of our disaster relief package for affected customers Telstra provided vital assistance to community organisations. For example, we:

- connected more than 150 phone and Internet lines to emergency station points, emergency services personnel and customers;
- provided more than 60 mobile phones to emergency services personnel and local organisations such as Bush Nurse;
- arranged for free local, STD and mobile calls from payphones in Dargo, Licola, Glenmaggie, Tinamba, Boisdale and Briagolong;
- arranged a 1800 number for the Wangaratta and Bairnsdale Recovery Centre;
- maintained vans with mobile antennae to boost coverage in Gibraltar Spur and Whitfield;
- provided Next G™ network wireless broadband cards to emergency services personnel;
- arranged for extra staff to be deployed to affected areas over weekends of high fire risk; and
- carried diesel to generators should back-up power be needed.

Furthermore, our employees were regularly interviewed by regional media, therefore keeping the local community informed about where services were affected and when they could expect them to be restored.

EME matters

Why does this matter?

There is some community concern that exposure to low levels of Electromagnetic Energy (EME) could lead to adverse health effects including cancer.

EME is present everywhere in our environment but is invisible to the naked eye. The earth and the sun are natural sources of EME. Human-made sources of EME include that generated by Radio Frequency (RF) technologies such as TV and radio broadcast antennas, microwave ovens, baby monitors and radio communication systems including cordless phones and mobile phones and their base stations. In short, EME is part of our everyday life.

The World Health Organisation (WHO) reports that from all the evidence accumulated so far, *"no adverse short or long term health effects have been shown to occur from the (RF) signals produced by base stations."*

The WHO further advise *"Even today, the phone towers add little to our total exposure as signal strengths in places of public access are normally similar to or lower than those from distant radio and TV stations."*

Our approach

Telstra relies on the expert advice of national and international health authorities such as the Australian Radiation Protection and Nuclear Safety Agency (ARPANSA) (an agency of the Commonwealth Department of Health), and the World Health Organisation (WHO) for overall assessments of health and safety impacts.

Telstra's activities in relation to EME are focused on compliance, community consultation, research and stakeholder engagement. Telstra regularly participates in public forums and prepares and disseminates relevant information through Telstra's EME website, local media and stakeholder briefings ahead of network expansions.

Community engagement

We place mobile phone facilities in industrial and commercial areas wherever possible. Recognising community preferences, we don't pursue sites near residential areas without serious consideration of possible alternatives but, inevitably, we must sometimes locate mobile phone facilities in residential areas to provide reliable and continuous network services where people live.

It is impossible to build infrastructure that has absolutely no visual impact but Telstra endeavours to develop proposals for locations that have the least overall impact. Telstra seeks to use existing utility infrastructure wherever possible to avoid the need to build large new mobile towers.

A dedicated team at Telstra actively reviews new site proposals and develops a suitable community consultation plan. The level of consultation varies depending on the type of facility proposed (new site or upgrade of an existing site), local government policy and advice, and importantly the local area and community. Telstra invites affected communities to participate in the consultation process. Where local government approval is not required for a facility Telstra invites the local government to provide feedback on the proposal and input to the community consultation plan.

Consultation occurs via a number of avenues including written notification to residents, advertisements in local papers, notices at the proposed site, local "drop-in" sessions at a neighbourhood house, special council briefings, telephone hotlines, house to house visits and one-on-one information sessions. Telstra often hosts an information booth at local shopping centres or community venues to actively engage with residents. This is often the best way of reaching out to the community and providing a direct form of dialogue. Many service improvement ideas come directly from community members through dialogue at information booths.

Our performance

Telstra has maintained an EME research group since 1984 as part of our commitment to understanding any possible health effects from EME. Over the past 14 years Telstra has invested more than \$15 million in our EME research and development program.

During 2006/07 Telstra completed 843 mobile infrastructure projects which included 159 new Development Applications. Of these Telstra undertook Australian Communication Industry Forum (ACIF) consultation on 684 of the sites and the Australian Communications and Media Authority (ACMA) received complaints for only 14 of these sites. Telstra also updated over 5,100 ARPANSA EME Reports following the commissioning of the Next G™ network.

We continued our proactive approach to community engagement which has resulted in greater community confidence in the safety of mobile phone networks and increased mobile coverage. Telstra maintains a publicly accessible website and an internal website available to employees, each containing information about EME and health, research, and fact sheets. Additionally we offer all employees an online training course regarding EME and our infrastructure and safety issues.

We published information on the Radio Frequency National Site Archive at www.telstra.com.au/ememanagement as part of our transparent approach to EME including:

- Environmental EME Reports: 10,145 updates to 6,586 distinct sites;
- EME Compliance Certificates: 3,560 updates to 6,586 distinct sites; and
- Radio Communications Site Management Books: 4,135 updates to 3,218 distinct sites.

The Mobile Carriers Forum (MCF), of which Telstra is an active participant, launched Mobile Insite, a quarterly newsletter, as part of the broader mobiles and EME education program. This newsletter is sent to all local, state and federal elected politicians and seeks to inform them about EME issues.

Telstra was invited to participate and present at six leading international EME conferences during 2006/07 to outline our initiatives in EME safety research and management.

Our next steps

Telstra is proud of its achievements in the community during 2006/07 but acknowledge that more can be done.

Telstra will take the following next steps to make 2007/08 an even better year:

- Continue to participate in the London Benchmarking Group's program and record more of our activities to report a more complete account of the value of Telstra's community contributions.
- Continue to support Telstra's historical collections and the volunteers who devote their time to looking after them.
- Continue to provide disaster relief as needed and improve our processes to accurately capture the true costs of our disaster relief activity to affected customers and communities.
- Engage in and leverage sponsorships that are aligned with key market segments and centred in community based activities.
- Continue to seek relevant community business partnerships which, through the practical application of our convergent solutions, address issues of social and community need.
- Continue to monitor and analyse research into EME and any possible health effects and make information available to the public.
- Continue proactive community consultation and education on EME and mobile technologies.
- The Telstra Foundation will continue to promote and support the social connection of children and young people across the wider Australian community through its Community Development Fund and Telstra's Kids Fund.

Environment Matters

Telstra's environmental footprint is wide but shallow; wide in that our operations extend nationally across all Australian communities and shallow because our impact in any one of those locations is minor. Telstra is committed to managing and reducing the environmental impacts of our extensive infrastructure and operations. We recognise the immense opportunities we have to improve our resource efficiencies and drive costs out of the business through the effective environmental management of our supply chain, products and services. Through this we will provide value to our customers, our shareholders and society – and this is why the environment matters.

Climate change matters

Why does this matter?

Climate change has been one of the most controversial and heavily debated issues of recent times. The climate change debate has reached a tipping point in the past 12 months through the confluence of three major global events.

- The release of the report by the Intergovernmental Panel on Climate Change (IPCC), *Climate Change 2007*. This report is an assessment of scientific, technical and socio-economic information relevant for the understanding of climate change and its potential impacts and options for adaptation and mitigation. The report is deemed to be one of the more credible pieces of climate change research and has had a significant influence on expert opinion.
- The publication of the *Stern Review: the Economics of Climate Change*, an assessment of a wide range of evidence on the impacts of climate change and on economic costs. This Report has used a number of different techniques to assess costs and risks and concludes that the benefits of strong and early action far outweigh the economic costs of not acting.

- The release of Al Gore's film and book, *An Inconvenient Truth*, which has received unprecedented attention from the media and the general public, won an Academy Award "Oscar", and is having a significant influence on public opinion.

As a consequence of these events there is a growing consensus in political spheres around the world that human activity is contributing to climate change to the detriment of our natural ecological systems.

Our approach

At Telstra we recognise the importance of addressing these concerns and continue to assess and evaluate the risks and opportunities across our business, within our supply chain and with our customers. We recognise the importance of working together with our stakeholders to address climate change issues and that to take a leadership role involves providing opportunities to others as well as continually improving our own performance.

Though Telstra is closely following the debate within Australia regarding the introduction of some form of national carbon constraint such as an emissions trading scheme, Telstra's approach is carbon abatement and conservation, not offsets and accounting schemes.

Our performance

This year we commissioned a report *Towards a High-Bandwidth, Low-Carbon Future: Telecommunications-based Opportunities to Reduce Greenhouse Gas Emissions* to investigate the opportunities for Telstra and other organisations to dramatically reduce energy consumption using the scale and the scope of telecommunications networks. The report, launched in October 2007, outlines carbon abatement options proposed to build on existing and next-generation telecommunications networks. The realisation of opportunities outlined in the report would result in telecommunications providers assisting Australian businesses and households in achieving total greenhouse gas reductions equivalent to approximately 4.9% of Australia's total national emissions.

Telstra has formed a permanent Climate Change Review Group to ensure that we adopt a coordinated approach to managing climate change issues. The purpose of this group is as follows:

1. Identify the areas within Telstra's business and the individual performers who are, by virtue of their day-to-day responsibilities, already making important resource conservation decisions (water, paper, electricity, fuel, etc).
2. Monitor the resource conservation programs, projects and activities already underway in Telstra.
3. Give more visibility to Telstra employees who are achieving resource savings by recognising their achievements more widely.
4. Consider opportunities and proposals to enhance resource conservation – and assess them in terms of overall corporate conservation and climate change policies and programs.
5. Engage experts to conduct formal risk assessments and/or cost benefit analysis of relevant proposals.
6. Undertake other tasks that are necessary and proper to carry out the above or that are assigned by Telstra management.

Telstra has been a member of the *Greenhouse Challenge Plus* program since August 2001. *Greenhouse Challenge Plus* is part of the Australian Government's Climate Change Strategy and is a voluntary partnership between industry and government to measure and reduce greenhouse gas emissions. This early action means that we now have robust data management and reporting systems, energy and greenhouse gas emission reduction action plans and staff awareness programs. These provide a solid foundation for future long-term management of our greenhouse gas emissions.

Our transparent approach to reporting our carbon emissions is highlighted not only by this Corporate Responsibility Report but also by our participation in the Carbon Disclosure Project Report 2006 – Australia and New Zealand. In this project, Telstra was included in the Climate Leadership Index, which includes those companies whose responses most adequately address the key areas of climate change for their business. Telstra also participated in the Carbon Disclosure Project in 2007.

"Telstra has introduced products and services that enable businesses to reduce their greenhouse gas emissions by replacing business travel with the use of conferencing products, teleconferencing (video, voice and data), telemetry and other network applications. Additionally, they have identified opportunities such as savings in costs and greenhouse gas emissions through better energy management practices."

Joanne Saleeba

Executive Director, Investor Group on Climate Change

Association of Chartered Certified Accountants Net Balance Report

Results of the study *Disclosures on Climate Change* on the top 50 ASX companies published by the Association of Chartered Certified Accountants (ACCA) and the Net Balance Foundation reflect the approach and effort Telstra has made in its emissions management and how the company is responding to climate change.

Telstra ranked sixth overall in the ASX 50 listing, fourth on performance criteria, fifth on data and indicators criteria, and ninth on governance and management criteria. The results reflect good governance in the management of our carbon accounts, which has enabled us to focus our efforts on the parts of Telstra where each dollar spent eliminates the largest quantity of greenhouse emissions.

Telstra recognises the investor community is increasingly putting the spotlight on environmental and corporate responsibility performance and reporting as part of mainstream investment decisions. Demonstrating that we are managing the impacts of climate change on our telecommunications infrastructure is likely to become an increasingly important element in how the company is valued.

Energy efficiency matters

Why does this matter?

The environmental impacts associated with energy consumption, namely through the burning of fossil fuels, are widely acknowledged. As a result the discussion and debate around energy efficiency has intensified over the past decade. Energy efficiency brings about opportunities to reduce environmental impacts, reduce costs associated with wasteful energy consumption, and social benefits such as cleaner air.

The impact of Telstra's energy management programs is considerable. We are one of the largest owners and operators of commercial properties, we have the largest automotive fleet of its kind and we are the largest private operator of solar panels in Australia. We can have a significant positive impact by facilitating greater energy efficiency across our business, supply chain and customer base.

Our approach

While Telstra takes a proactive approach to energy efficiency we are also subject to both Federal and State/Territory Energy Efficiency legislation. Under Federal legislation large energy users (those who use more than 0.5 petajoules per year) are required to carry out energy audits at sites which cover 80% of usage and to identify and report publicly on energy saving initiatives which have a pay back of up to four years.

Telstra made an early commitment to reducing greenhouse gas emissions and has been a member of the Greenhouse Challenge Plus program since August 2001. This early action to implement sound data management and reporting systems, energy and greenhouse action plans, and staff awareness programs, now forms the basis for future long-term management of Telstra's greenhouse gas emissions.

Our performance

During 2006/07, Telstra's total greenhouse gas emissions were 1,390,306 tonnes CO₂ equivalent, an increase of 2.2% from 2005/06 when our greenhouse gas emissions were 1,360,358 tonnes CO₂ equivalent (refer Figure 1). This increase was largely due to an increase in the consumption of electricity which was the result of running the Next G™ network and CDMA network concurrently.

We implemented a range of programs to deliver ongoing greenhouse gas emissions savings such as the efficient use of electricity in buildings, the introduction of LPG vehicles, and recycling of organic wastes such as paper, cardboard and timber. Actual savings due to new initiatives carried out during 2006/07 were 38,826 tonnes CO₂ equivalent (refer Figure 2) – comparable to removing more than 8,000 cars from our roads for one year.

Initiatives from previous years, such as efficient lighting and air-conditioning systems, continue to deliver savings. The total savings during 2006/07, due to the cumulative effects of previous years' actions is 135,172 tonnes CO₂ equivalent. This provides a total saving of 173,998 tonnes CO₂ equivalent during 2006/07, which is equivalent to the greenhouse emissions from around 18,655 average Australian homes for a year.

Our total measured energy consumption for 2006/07 was 5,848,601 GJ. This includes electricity use, natural gas, LPG, diesel and petrol for vehicles and diesel for power generation. Figure 3 shows that our overall energy consumption for 2006/07 decreased by 0.7% from 2005/06. Efficiency improvements in our vehicle fleet helped achieve an overall reduction in energy consumption from last year, although running the Next G™ and CDMA networks concurrently resulted in higher energy consumption than would have otherwise been expected.

Energy management programs such as improved lighting controls and air-conditioning systems improved energy efficiency in our network buildings and offices. During 2006/07 we saved 43,944 GJ of energy, or 13,182 tonnes CO₂ equivalent. This is equal to the greenhouse gas emissions from approximately 1,425 average Australian homes for an entire year. Telstra saved \$1.2 million on electricity costs through our energy management programs during 2006/07. Telstra's Energy Management program was acknowledged as a finalist in the Banksia 2007 Climate Category of the Banksia Environmental Awards.

An internal Energy Management team developed Energy and Greenhouse Management Plans which are designed to facilitate a reduction in energy and fuel use and greenhouse gas emissions throughout Telstra. These plans are supported by our National Waste Management System (NWMS) as well as actions undertaken by our Fleet Group in relation to vehicle management.

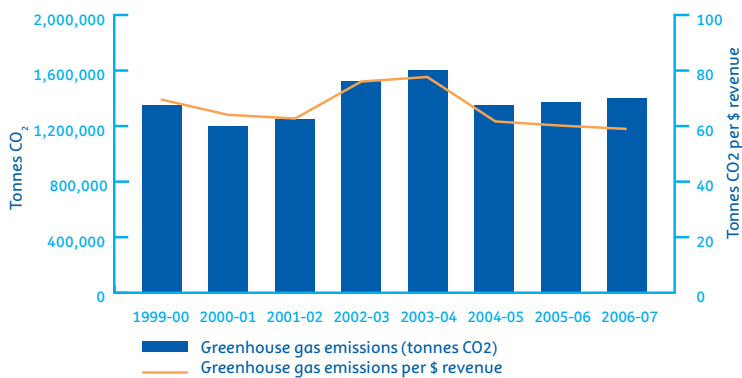


Figure 1: Total reported greenhouse gas emissions

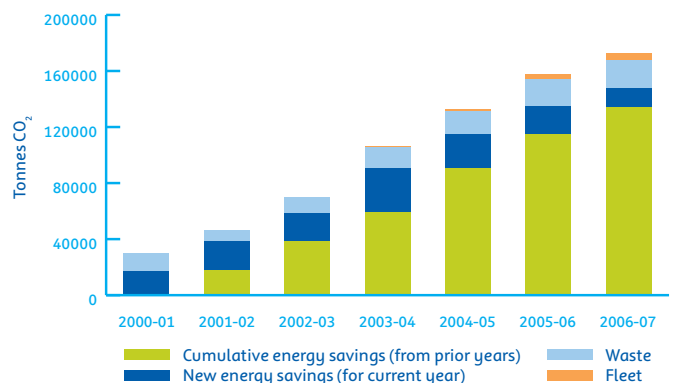


Figure 2: Greenhouse gas emissions savings

Ozone Depleting Substances

Ozone depleting substances such as chlorofluorocarbons (CFCs) and the less damaging hydro chlorofluorocarbons (HCFC) are used as refrigerants in air-conditioning units in buildings and vehicles. In line with Australian legislation, we continue to phase out our use of ozone depleting substances. Recovered ozone depleting substances are stored and reused in existing equipment or disposed of in accordance with legal requirements.

Solar Energy

Telstra is Australia's largest private operator of solar power with 10,693 solar powered sites including exchanges, radio terminals, small repeater stations and payphones. Many of these sites are in remote locations enabling Telstra to provide telecommunication services to these remote areas. Our knowledge and experience with solar power has been utilised in other commercial projects, such as a contract to install solar panels at 300 schools in South Australia.

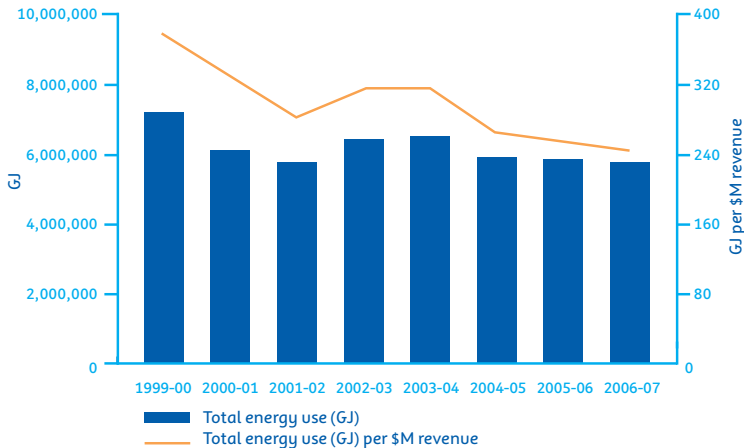


Figure 3: Total reported energy consumption

Telstra story - Mountain top power proves a clear green winner

Designing and installing reliable power for a mountain top fire-lookout earned renewable energy industry recognition for Telstra's Paul McKelliff and Shane Mason.

Project Manager Darryl Fuss said Telstra's Advanced Services have a long involvement in designing and providing solar solutions for Telstra's remote network needs.

"In recent years 36 hybrid power solutions have been successfully delivered by our power technicians - all involving Paul and Shane - across the arid regions of South Australia and Western Australia," Darryl said.

As Telstra's only staff members accredited by the Business Council of Sustainable Energy (BCSE), Paul and Shane submitted their design for a stand-alone photovoltaic energy system over 2kW for the solar hybrid installation at Mt Matlock in the Victorian Alpine region.

The BCSE was so impressed with Paul's and Shane's entry that a separate category was created specifically for their submission. As a result Paul travelled to Canberra to accept the 2006 Project of the Year BCSE accredited installer/designer award.

Paul and Shane installed the Motorola GRN, Mt Matlock solar-diesel hybrid power system (8kW solar) in a completely new environment for them - Victoria's high country with freezing temperatures and harsh snow conditions during August. Colleagues, Steve Murphy (Telepower Install) and Romak Radomski (Civils/External Plant contractor management) were also onsite for the build. Advanced Services design specialist Wayne Menzell managed the design and tendering of contractor works.

The design at Mt Matlock's mountain top fire-lookout was specifically packaged for the Alpine conditions. A large solar array on high tilt-down poles avoids the shadows cast by the surrounding forest. The project's Telepower designer, Andrew Dale from Telstra's Network and Technology, said the generator, with a large base fuel tank and a battery shelter, provides extreme reliability during winter snow conditions.

"In recent years 36 hybrid power solutions have been successfully delivered by our power technicians - all involving Paul and Shane - across the arid regions of South Australia and Western Australia."



Top: The completed Mt Matlock installation features 7.5m high poles with solar tilt poles, which can be lowered for installation and maintenance, and are tilted at up to 60 degrees to avoid snow build-up.

*Bottom: Telstra's **Shane Mason** checks out the alpine shelter near the site of the award winning Mt Matlock hybrid power system.*

Transport efficiency matters

Why does this matter?

Telstra manages the nation's largest private vehicle fleet in Australia with a diverse range of cars, light trucks and mechanical aids operating in every part of the country. At 30 June 2007 there were 14,960 vehicles in the Telstra fleet including employee salary sacrifice vehicles and mechanical aids such as excavators and trailers. The environmental impacts associated with Telstra's fleet are significant and we acknowledge our responsibility to become more efficient in the way we manage our vehicle fleet.

Our approach

Telstra has introduced a variety of initiatives to minimise the environmental impact of our fleet operations. These include the continued transition to LPG vehicles in the fleet, smaller cars introduced as pool cars, and the introduction of more fuel efficient vehicles.

The use of Global Positioning Systems (GPS) is transforming logistics industries through more effective route planning directly reducing fuel use in vehicles. Telstra is adopting GPS in our own service delivery fleet to help achieve these efficiencies.

Our performance

This year we continued to purchase LPG and diesel vehicles as a means of increasing the fuel efficiency of our fleet. The number of LPG fleet vehicles increased to 2,122, up from 1,174 last year, and 273 diesel vans were purchased. We calculated that our LPG vehicles saved 1,833 tonnes of CO₂ emissions and the diesel vehicles saved 1,434 tonnes CO₂ over the year – together this equates to a carbon offset equivalent to taking 700 average cars off the road for one year.

We continued our partnership with Greenfleet, a not-for-profit organisation that plants trees to offset vehicle emissions. As part of our package for employees a payment is made to Greenfleet for each salary packaged vehicle. This is used to plant trees to offset the carbon emissions of those vehicles. The program was introduced in 2003 and by 1 July 2005 all salary sacrifice vehicles were included.

During 2006/07 Greenfleet planted 180,567 trees on our behalf offsetting 48,391 tonnes CO₂ equivalent – enough to fill the MCG almost 90 times over. This more than doubled from 2005/06 when Greenfleet planted 89,254 trees on our behalf.

GPS in technicians' vehicles that link into Telstra's job dispatching system is one part of a suite of new tools provided to our technicians. This led to a gain in productivity of 13.3%, and a 5.6% reduction in kilometres travelled per job, hence fuel used.

During 2007 we commenced the development of Life Cycle Assessment (LCA) models to quantitatively demonstrate the environmental benefits, such as reduced travel, of Telstra products and services. The first LCA's were for teleworking (working at home or away from the office), online billing and a Telstra retail shop. These were undertaken to determine the net environmental benefit of our products in a scientific and rigorous way.

"Telstra ensures that the environmental claims of our products and services are underpinned by thorough and credible scientific research such as Life Cycle Assessments (LCA). Our LCA's adhere to International Standards Organisation (ISO) standards and are further validated through a peer review process using international experts in this field."



Dr Turlough Guerin

Telstra's Group Manager Environment

Teleworking: calculating the environmental benefits

Teleworking, where the use of technology enables people to work at home, offers a number of environmental benefits such as reducing travel and associated greenhouse gas emissions. Teleworking also provides a business opportunity for Telstra, as the scale and scope of our networks, products and services, can provide for a more flexible and dynamic workforce.

With the assistance of specialist environmental modellers, Telstra has been able to quantify the environmental benefits of teleworking using a Life Cycle Assessment (LCA) methodology.

This study compared the environmental impacts of teleworking with travelling to an office, and took into account factors such as energy use, material impacts and waste produced. For example, in considering energy use the assessment took into account the energy used in travelling to work, as well as the energy used to heat, cool and light company offices and home offices. For material impacts, the assessment considered the environmental impacts of manufactured equipment such as cars, computers and phones.

The study compared a sample of 3,000 office workers with 3,000 teleworkers and used average figures for various parameters such as distance and type of travel, energy efficiency of offices and homes and the typical equipment used by employees in offices and home offices.

The analysis revealed:

- teleworking saved an average of 242kgs of carbon emissions per employee, equivalent to taking six cars off the road per 50 employees that teleworked;
- carbon emissions savings from teleworking increase exponentially as employees' car commute distances increase; and
- a reduction in office space required by 75% of the teleworking population and reduced the carbon emissions of 1,200kgs per teleworking employee.

Resource efficiency matters

Why does this matter?

Telstra is a major purchaser and user of materials ranging from network equipment and construction materials, such as pits, pipes and cables, to stationery and office paper. Material resource use has environmental, social and economic impacts for businesses, and produces waste and emissions as by-products with all their associated costs.

The main sources of Telstra's waste are:

- office activities, including general waste and recyclables (e.g., paper and cardboard);
- field activities (e.g., construction waste) and hazardous waste (e.g., asbestos); and
- network facilities (e.g., scrap cable and batteries).

Our approach

We are committed to improving the efficiency of our material use. To ensure that environmental impacts are addressed in the use of these resources Telstra implements a range of programs and activities including a:

- purchasing process that includes environmental considerations;
- National Waste Management System; and
- National Green Office Program.

We use our National Waste Management System (NWMS) to manage most of Telstra's waste services, including the collection, transportation and processing of general waste, recyclable items, liquid waste and hazardous wastes. The NWMS includes most types of wastes generated from offices, field operations and customer premises. Exceptions are the collection of scrap cable, rental phones and mobile phones which are managed separately under individual programs.

This streamlined approach assists all employees to dispose of waste in an appropriate manner by providing a single point of contact to arrange for collection and disposal.

Operating as a centralised system, the NWMS is able to provide detailed information about waste collection and processing. This ensures that waste transport and disposal complies with relevant regulatory requirements. The NWMS is the responsibility of Telstra's property manager, United Group Services, in conjunction with waste management services provided by Thiess Services Pty Ltd.

Our performance

During 2006/07 we continued our commitment to becoming more efficient in the way we use our resources.

Highlights include:

- recycled 65% of all solid and liquid waste across the business – a significant increase from 47% in 2005/06;
- decreased the volume of our total waste for disposal (general and special) to landfill from 32,822 tonnes in 2005/06 to 17,527 tonnes in 2006/07. This decrease is primarily due to less water (from our pits) being sent to treatment facilities; and
- diverted waste from landfill through recycling, resulting in a saving of 22,377 tonnes of greenhouse gas emissions (CO₂ equivalent) during 2006/07 – up from 20,122 in 2005/06.

Minimising paper use

To minimise paper use within Telstra we have introduced new and improved existing initiatives to move from paper-based systems to online systems for providing internal information to employees. Telstra employees have more options for completing internal forms, such as applications for leave and ordering materials. The paper required for internal administration processes has decreased while the efficiency of these processes has increased.

As part of Telstra's IT Transformation program, online billing was developed and includes the ability to send Telstra bills to mobile phones. This means a paper saving for every person who switches to online billing. Customer usage of our online billing has increased from around 519,000 customers in 2005 to 1.1 million customers in 2006.

In 2006/07, the number of customers that registered for a Single Bill had increased to 2.3 million – a 109% increase from last year. A 'Single Bill' reduces the average number of pages per bill from seven to one, and during 2006/07 more than 470,000 reams of A4 paper were saved – stacked end to end would go on for 71 kilometres.

Other paper saving initiatives include:

- A new online tendering system was also implemented, which saved over 200,000 A4 reams of paper per year (refer to Marketplace Matters).
- We also reduced office paper consumption by approximately 22,000 reams which equates to an 8% reduction from 2005/06 (Figure 4). The number of reams used per employee has decreased from 15.2 in 2000/01 to 7.2 in 2006/07.

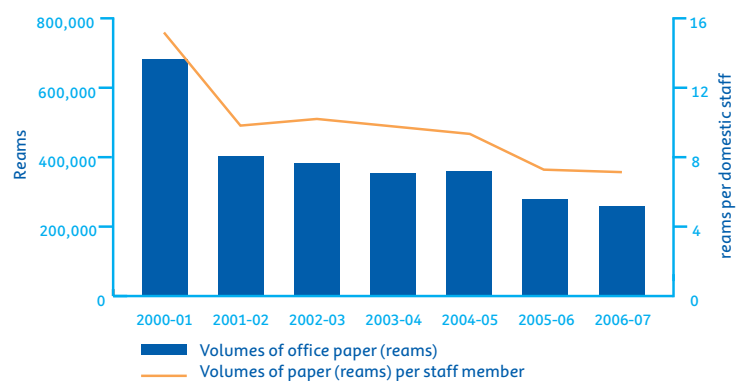


Figure 4: Total reported office paper consumption

Green Office Program

We continued our commitment to Telstra's national Green Office Program to tackle the environmental impact of everyday activities undertaken by Telstra people in offices around the country.

Highlights of the Green Office Program include:

- increased recycling rates for bottles, cans and milk cartons by 8% from 314 tonnes in 2005/06 to 338 tonnes in 2006/07;
- decreased office paper consumption by 22,000 reams over the past year (refer Figure 4);
- diverted 18 tonnes of waste cartridges from landfill through the Cartridges 4 Planet Ark initiative 2006/07 compared to 15 tonnes in 2005/06, a 20% increase; and
- ongoing distribution of Green Office program support material including an online training program.

Water

As a telecommunications company our environmental issues relating to water use are relatively low. We use water in our offices, line depots and exchanges, primarily for staff amenities such as kitchens, toilets and showers. Telstra vehicles are washed at a commercial car wash or by the employee if it is a take home vehicle.

This year actions to reduce water consumption were extended to include the installation of waterless urinals, flow restriction devices on taps, advanced filtration and servicing of leaking taps. Water Efficiency Management Plans were completed for three Queensland sites. Submetering of cooling towers was undertaken to isolate water consumption and to reduce water use by adjusting the cooling tower discharge factors. During 2006/07 water saving actions saved an estimated total of 87.3 million litres of water across our office building and network sites.

Telstra's 'Preserving a Special Resource', a national water conservation project, was a finalist in the Banksia 2007 Water Award which rewards outstanding achievement in protecting, conserving or enhancing Australia's water resources including freshwater and marine environments. This project will save 80 million litres of water per year – the equivalent of 32 Olympic sized swimming pools.

During 2006/07, a risk assessment was conducted on the quality of the water in access pits to optimise its reuse. This showed that there was no adverse impact on the environment when discharging clear, odour free water directly onto land or into stormwater. Depending on the situation, water removed from underground access pits is now being used for recycling and discharged to land or stormwater. If there is any chance of contamination it will be disposed of to a licensed liquid waste facility. Local discharge avoids the need for transport by a water tanker which would entail further environmental impacts.

During field construction activities environmental controls are put in place to manage soil, wastes and other materials to prevent them being washed into stormwater drains or natural waterways. Our underground network infrastructure, access pits, manholes and pipes, may periodically be filled with ground water and, when it rains heavily, stormwater. During 2006/07 approximately 24 megalitres of water was removed from network access pits during maintenance activities. We recycled approximately 16.8 megalitres of this, or approximately 17 Olympic sized swimming pools, compared with approximately 15.4 megalitres in 2005/06.

Telstra story

- Recycling our hardware for a good cause

During 2006, thanks to the recycling efforts of David Sutton, Telstra's Advanced Services Project Specialist, and local Telstra Services staff, a number of solid parabolic dishes, six feet in diameter that were no longer needed for the local radio network, were supplied to Ballina High School in NSW. These were used as fish breeding tanks at the Ballina High School's Marine Discovery Centre which is the only marine education facility of its type in NSW.

"The opportunity arose to donate the recovered dishes to Ballina High Schools Aquaculture project. I saw this as a win-win situation for Telstra and the Ballina High School community," David said. "Telstra also delivered a large 12 foot tank in late 2006 and it was installed over the Christmas break."

Ballina High School's head science teacher, Michael O'Conner, said that the three dishes provided by Telstra are working exceeding well.

"Without the support from Telstra it would not be possible for children to study the more exciting aspects provided by large scale aquaculture tanks," Michael said.



Students from Ballina High School building fish breeding tanks from recycled parabolic dishes

"Without the support from Telstra it would not be possible for children to study the more exciting aspects provided by large scale aquaculture tanks."

The dishes needed a little work to be transformed into tanks and the students were involved in the process from the start. The brackets were removed and rivet holes filled. They were then cleaned and fibre glassed on the inside. A pipe stand was made for them and two viewing windows were cut into the sides. A bio-filter was fitted to each and finally the fish were put in.

"The work we are doing is at the leading edge of marine education and as such will always have a battle with finances and resourcing," Michael said. "The Centre and its staff are indebted to Telstra and are extremely grateful for David Sutton's efforts and interest in our work."

Land use & planning matters

Why does this matter?

Access to land to build telecommunications network infrastructure is legislated by the *Telecommunications Act 1997* and related subordinate legislation. *The Environment Protection and Biodiversity Conservation Act 1999* (EPBC) requires Telstra to have a process that identifies 'Areas of Environmental Significance' prior to undertaking activity in these areas or accessing certain parts of land. To provide a world class telecommunications service in Australia we need to design, build, operate and maintain the network infrastructure to support this service which, at a minimum, requires our compliance with these regulations.

Our approach

Telstra's Properties Management Team works across the company to meet operational and business property requirements. Their activities include:

- disposal and acquisition of property;
- management of leases;
- developing accommodation strategies aligned to business growth and changes; and
- management of Telstra's daily occupancy requirements such as maintenance, cleaning, security and relocation.

The response to any contamination issues that occur at a Telstra site is coordinated by our property managers Sentinar for network sites, and United Group Services for non-network sites such as depots and office properties.

When planning for or installing new infrastructure Telstra considers whether the affected land is an 'Area of Environmental Significance' according to the *Telecommunications (Low Impact Facilities) Determination*. We have established processes to assist our staff identify such areas. Each month we provide information to the Department of Environment & Water Resources (DEWR) on projects with environmental aspects and track our compliance to regulatory requirements.

Visual amenity

Telstra is particularly conscious of the potential impact on visual amenity that is caused by the installation of new mobile facilities in urban Australia. During the planning, design and construction process Telstra follows the *Guidelines for Low Impact Mobile Facilities* to minimise the impact on visual amenity. This includes using existing utility infrastructure wherever possible and reducing impacts through screening and colour matching equipment.

Noise

Telstra requires all employees, contractors and suppliers of equipment to meet applicable Australian Standards and government regulations for noise emissions. Generally at Telstra noise is emitted from three main sources:

- generators for emergency or backup power;
- air-conditioners and other equipment at sites and buildings; and
- field activities, such as concrete cutting for underground cable work.

Where a field activity is undertaken that has the potential to generate noise and disrupt the community, the community requirements are considered and options are addressed to eliminate or minimise that impact.

Our performance

Telstra has implemented company wide changes to employee training, including environmental training, as part of the Transformation strategy. Our main network design and construction business also has specialised courses to ensure a high level of competence, especially where employees are undertaking higher risk environmental activities.

Our existing environment training courses were reviewed and updated with changes being made to the company's introductory environmental course as the first response to this review. We conducted a full day workshop with our top tier contractors on Telstra's contractor model including environmental processes and expectations.

Our network and infrastructure business continues to maintain and improve their certified Environmental Management System ISO 14001.

We integrated environmental considerations into our supply chain processes by ensuring appropriate environmental clauses are included in medium to high risk tenders. We also developed a Risk Assessment Tool that incorporates a simple matrix to determine the level of HS&E risk associated with proposed contracts. Further, a HS&E framework, outlining the required HS&E parameters for contractors to Telstra, has been incorporated into contract documents.

During 2006/07 two contaminated Telstra owned sites were identified. Remediation plans were developed and implementation continues into 2007/08.

Fuel storage systems

Telstra stores fuel at depots and other operational locations across Australia. We also have a large number of network sites that are backed up by diesel generators. Previously all high risk sites with underground fuel tanks have been audited and tanks removed where required. Plans are now in place to revisit the remaining sites when the network Transformation program is more advanced and the sites to remain in operation are known. During 2006/07 Telstra's engineering standards were updated to incorporate the utilisation of above ground fuel tanks in all instances where EPA and space requirements permit. This means any tank or pipe damage will become visible which will further minimise risk of environmental impact.

Field activities

When we plan field activities we consider potential environmental impacts on 'Areas of Environmental Significance'. The process we use to manage environmental risks arising from our field activities include:

- Pre-design environmental risk identification;
- Design environmental risk assessment; and
- On-site environmental risk management.

These processes assist Telstra in ensuring legal compliance and protection of the natural and urban environment in which Telstra works.

During 2006/07, approximately 70,000 land access notices were issued and involved the actions in the table below for more significant project work.

	2005/06	2006/07
Notifications to DEWR	50	25
Environmental Assessments undertaken	51	61
EPBC Act referrals	18	2

The number of DEWR environmental Code of Practice notices and EPBC Act referrals is based entirely on the make up and location of both new and maintenance based infrastructure projects that are undertaken year on year and vary each year. The increase in the number of notices and referrals between 2005/06 and 2006/07 can be attributed partially to national projects such as the Next G™ network rollout during 2006/07.

Payphones

Telstra has over 25,000 public payphones across Australia. The number of payphones was reduced in 2006/07 resulting in an energy reduction of 875,000kW hours of electricity – the equivalent of 140 average Australian homes in one year.

The majority of our payphones are low impact facilities and do not require environmental impact assessment. However, where payphones are to be installed in 'Areas of Environmental Significance', further planning approval and assessment is undertaken.

To minimise the environmental impact from payphones we:

- use solar power in remote areas where there is no readily available source of electricity;
- repair and re-use rather than disposed of faulty electronic modules;
- provide re-usable packaging for many payphone spare parts;
- recover and reuse surplus payphone parts;
- reuse whole payphones and booths when relocations or removals occur; and
- break down non-reuseable payphones for parts and materials for appropriate recycling.

Telstra story - Akuna Bay within the Ku-ring-gai Chase National Park

The Ku-ring-gai Chase National Park is located in Sydney's northern suburbs on the Hawkesbury River. It was the first National Park in NSW opened in 1894 and was added to the National Heritage List in 1996. A marina owned by a Macquarie Bank controlled trust is in a small enclave within the Park.

The Park is considered significant for reasons including its Aboriginal history and, post 1788, usage and development attempts by European settlers. It covers part of the traditional lands for the Guringai, Garrigal and Terramerragal clans and over 800 Aboriginal sites have been recorded in the park.

During the 2002/03 bushfires the service to the marina, delivered via aerial copper cable installed on Telstra poles within the Park, was destroyed. As an interim solution, a terrestrial cable was installed alongside the marina access road within the park. Unfortunately this cable was recently cut four times causing service disruptions and incurring additional costs. Telstra's Fundamental Planning Group elected to implement a final solution involving the installation of aerial fibre cable on Energy Australia poles and sought support from the Advanced Services Group for advice and assistance in managing the NSW National Parks and Wildlife Service.

The NSW Land Access Group assisted Telstra and the external design house by ensuring all required environmental clearances and approvals were sought and obtained from the NSW National Parks and Wildlife Service so work could be completed before winter. A measure of the sound stakeholder relationship developed with the NSW National Parks and Wildlife Service was seen when it allowed Telstra to undertake the public advertising and notification process, dispensing with its policy of running that process itself. Telstra achieved its commercial objective of obtaining a permanent solution to a significant customer problem in a timely, legally compliant and cost-effective manner while fostering a close and collaborative relationship with the National Parks and Wildlife Service.

Compliance matters

Why does this matter?

The heightened public interest in, and awareness of, climate change, water resources, energy efficiency and waste management make environmental compliance a business imperative. By demonstrating commitment to the conservation of limited resources and a continuous improvement in their environmental management a company will realise benefits to its business, to the environment, and therefore the wider community.

Our approach

Telstra's environmental compliance addresses not only Commonwealth and State Legislation, and local government requirements, but also codes and standards that we commit to meeting. Examples include our commitment to the *National Packaging Covenant*, abiding by the codes of practice for operators in the telecommunications industry and our certification to the ISO14001 certified Environmental Management System.

We have a national online incident reporting system for use by our employees. Contractors are required to submit monthly reports on environmental incidents as part of their contract under a separate system. Our main construction business unit uses a separate reporting system to capture environmental incidents. This also requires contractors to be trained in reporting environmental incidents and other information.

Our performance

During 2006/07 we conducted a risk management review to ascertain whether social and environmental risks were sufficiently integrated into Telstra's business planning processes. This showed that social and environmental risks and opportunities were appropriately captured and managed. However, there was scope to improve the coordination of these activities across the business.

A high level review of the Health, Safety and Environment Incident Management System was undertaken. We identified improvements to reduce manual intervention and standardised our approach. We reviewed our contract clauses regarding environmental management and included an environmental risk assessment for use by our contractors to ensure minimal impact when undertaking work on behalf of Telstra.

Incident management

Environmental incident management was again a top priority for Telstra's Advanced Services during 2006/07. Nationally only 22 environmental incidents were recorded during the last 12 months, a significant improvement from the 34 for the previous year. This was achieved by increasing staff awareness through training, evaluating staff knowledge, and implementing and managing process improvements.

Training

Telstra's main construction business has specialised courses to ensure a high level of competence, especially where staff are undertaking the more risky environmental activities of Telstra's business. Over 90% of Advanced Services employees are fully trained in all of the latest compliance regulations with further training scheduled for the coming year. Over 1,400 courses were delivered during 2006/07, which complements the 1,600 courses delivered in the previous year.

Engagement with regulators

Telstra regularly consults with regulators to understand and provide feedback on impending legislation. Due to our size and experience we can provide valuable input into areas such as monitoring, measuring and reporting that may be required by regulations. An example of this was Telstra's representations which helped to shape the *Commonwealth Energy Efficiency Opportunity Act* and Regulation's reporting requirements in an effort to reduce the time and cost burden of reporting.

Our next steps

Telstra is proud of its achievements in corporate environmental responsibility during 2006/07, but acknowledges that more can be done. Telstra will take the following next steps to make 2007/08 an even better year:

- Develop an 'estimator' which uses life cycle analysis methodology to assist sales people to determine the environmental benefits of Telstra products and services for specific customers.
- Perform a preliminary assessment of the greenhouse gas emissions footprint of our contractors and suppliers, beginning with our largest Advanced Services' contractors, to understand the materiality of their impact.
- Continue the Climate Change Review Group and develop a climate change policy.
- Conduct a Lifecycle Assessment (LCA) for teleconferencing (audio, video and data) and other services as the business requires.
- Continue our water saving initiatives by:
 - > continuing the rollout of waterless urinals across relevant commercial sites;
 - > conducting water audits at three Victorian network sites; and
 - > investigating condensate reuse and rainwater harvesting.
- Review Telstra's National Waste Management System (NWMS) to improve its efficiency.
- Begin the nationwide adoption of updated pit water handling processes for all field employees and contractors.
- Review the effectiveness of the Green Office Program and implement identified improvements.
- Participate in a global fuel economy trial with one of Telstra Fleet's suppliers.
- Support and review business unit plans and submissions for the Commonwealth Energy Efficiency legislation.
- Conduct a review of Telstra's Corporate Environmental Management System.
- Continue to maintain Advanced Services certification to ISO 14001.
- Initiate a National Packaging Covenant Innovation Group as a forum to identify new opportunities for improving Telstra product packaging.

Workplace Matters

Corporate responsibility in the workplace is about providing safe, equitable and supportive working conditions. It is about creating an environment where employees can make an effective contribution to Telstra and grow as individuals. Issues such as human rights, diversity and work-life balance are increasingly important in the workplace. Creating a safe working environment, where people are valued and respected, leads to improved productivity, profitability, reputation and ultimately greater value to our customers and shareholders – and that is why the workplace matters.

Employees matter

Why does this matter?

Telstra is one of Australia's largest employers offering a range of career and employment opportunities across multiple disciplines. With a diverse and culturally rich workforce, Telstra takes its responsibilities to its employees seriously.

Telstra is currently in its second year of a five-year Transformation to become more efficient in all that we do. Our people and culture are fundamental to this Transformation and will ultimately share our success. A significant workplace focus is the development a world class employee group, an "anything is possible", "do it now" culture, and a strategy to deliver a high performing customer-focused organisation where employees are valued and have the opportunity to reach their full potential.

Our approach

Telstra offers a number of employment instruments to meet the differing needs of our employees and the business, such as individual contracts and collective agreements. Arrangements range from full-time employment through to flexible work arrangements including part-time, job share, casual and supplementary work. This flexibility is reinforced through progressive leave policies including maternity and parental (including adoption) leave, personal (including carer's) leave, cultural leave, volunteer/first response leave and the ability to purchase additional leave.

The employment relationship between Telstra and our employees is extremely important. Telstra is committed to ensuring that workplace issues are resolved in a timely and fair manner. Telstra's Internal Resolution Business Principle ensures that every employee has the right to be treated fairly and to understand the reasons for decisions and actions that impact them. At Telstra, there is a shared accountability to resolve an issue between an employee and the person who acted or made the decision, and our internal resolution process is open and transparent.

In order to attract and retain the best people Telstra is committed to providing competitive and attractive remuneration packages to all employees at or above the minimum legal requirements. Telstra undertakes a comparative analysis against relevant market data on a yearly basis to ensure that our remuneration packages remain competitive. Many of our individual contract employees are eligible for incentive-based payments.

Through Telstra's Values, the Telstra Business Principles and our Company Policies (including our Code of Conduct), we provide clear guidance on the principles and standards of corporate and personal behaviour required of employees at all levels of the organisation. The Telstra Business Principles and our Code of Conduct are available to the public via our Internet site at www.telstra.com.

For the past 15 years Telstra has regularly conducted internal surveys to gauge employee engagement and obtain feedback about the operation of our company and the employment environment. The results are benchmarked against Australian and global standards to enable Telstra to track performance.

Our performance

Employment

As at 30 June 2007, Telstra employed 47,840 people in our total workforce inclusive of 35,706 domestic full time employees, contractors and agency employees. This equates to a decrease of 3.2% or 1,603 full time equivalent employees during 2006/07. The decrease is mainly attributable to Telstra's business Transformation strategy.

Around 59% of employees are employed under Common Law Contracts and Australian Workplace Agreements (AWAs). The remainder are employed under collective agreements. During 2006/07, Telstra revised all of its individual contracts to comply with the Work Choices legislation introduced in March 2006. Leave policies were also reviewed and we introduced a Teleworking Policy to enable employees to achieve a better balance between their work and personal commitments.

Employee engagement

During 2006/07, two full census employee engagement surveys of Telstra employees were conducted. Among the highlights were:

- Telstra's highest ever results for employee satisfaction and engagement – an overall improvement of four points over an eight month period. Average improvements in a 12 month period across all industries is typically 1 to 1.5%;
- More employees told us they understand the future business direction of Telstra – significantly up by 9% on the 2006 results and the highest percentage in the past decade;
- More employees reported having sufficient contact with Telstra senior managers – 55% up from 50% in 2006;
- 77% of employees believe senior management has a clear vision for the future, which is 11% higher than the Australian norm;
- 84% of employees believe strongly in the goals and objectives of Telstra, up 4%;
- 50% of our employees agreed that Telstra will change for the better next year, a 6% increase from eight months ago and an enormous increase of 24% over the level of optimism in 2004; and
- An 11% increase from 2006 in the number of employees who completed the survey. The total participation rate was 82%, which is outstanding for an organisation of Telstra's size and geographic spread. This high response rate is attributed to extensive company wide communications encouraging employee participation and scheduling time for employees to complete the survey.

Employee benefits and arrangements

We continue to offer choice and flexibility through salary packaging to all eligible employees to help them package options to suit their particular circumstances. Salary packaging options include OwnShare (the opportunity to purchase Telstra Shares on a pre-tax basis) and a comprehensive choice of other options such as motor vehicles, car parking, health insurance and financial advice.

During 2006/07 we enhanced our in-house benefit program. A review of the MyRewards@Telstra program led to a broader range of offerings including a discount to eligible Telstra employees on MBF health insurance.

Telstra continued to provide the Life & Career Transition program which recognise the individual needs of an employee facing a life and career transition arising from redundancy. This program offers access to a range of flexible options such as retirement planning, image consulting and networking. The Life & Career Transition program offers strong transition support – extended to immediate family – and expert case management.

Telstra continued to provide an Employee Assistance Program (EAP) which provides professional counselling and advisory services via an independent company staffed by qualified psychologists and social workers. The services are fully funded by Telstra and are free of charge to Telstra employees and their families. All information is treated confidentially and in accordance with Telstra's Privacy guidelines.

Telstra also developed a number of tailored incentive plans to suit the needs of specific workforces such as an expanded Incentive Plan for its Field Technical Workforce.

Culture

During 2006/07 Telstra introduced 'Our Way', a set of cultural priorities that define Telstra's approach to customer service delivery. The Cultural priorities – Customer.First, People.Power, Compete.Win, Done.Now, Anything.Possible and We Get It.Together – are now firmly embedded in communications, policy and the way we work.

Telstra's Code of Conduct specifically addresses compliance with laws and regulations, conflicts of interest, dealing with external stakeholders and suppliers including issues of bribery, gifts and hospitality, using Telstra's resources responsibly, and the management of confidential information. All Company Policies, Telstra Business Principles, the Code of Conduct and Telstra Values are available for staff on Telstra's Intranet. Awareness is reinforced through Telstra's compliance training programs.

We have a Whistleblowing Policy and confidential whistleblower service which offers our employees an avenue to raise concerns they may have with behaviour that is potentially illegal, improper or unethical. The whistleblower service is run by an independent external company. Reports or disclosures to Telstra's whistleblower service are treated as confidential and due process is followed in all investigations. Reports are referred to Telstra's Ethics Committee.

People management and performance management

The annual performance review system has been revised to focus on expected standards of behaviour. The revised process was communicated to all people managers regardless of their location during 2006/07. As part of this launch, an e-learning module was developed to support managers and help them ensure the consistent implementation of the new process.

Learning and Development matters

Why does this matter?

One of the key drivers of our Transformation is the continuous development of knowledge, skills and innovation and the application of these in the workplace. Learning and Development is a critical activity supporting our organisation to deliver the performance necessary to achieve our Transformation vision.

Our approach

Learning and Development together with employee engagement, leadership, performance and talent management ensures we will achieve our Transformation objectives. Our formula is:

**GREAT STRATEGY + GREAT CULTURE + GREAT PEOPLE
= OUTSTANDING RESULTS**

Our learning function is structured so that 'Job Ready' professionals and online learning resources are available when and where they are needed. It is responsible for training in areas such as; Induction, Compliance, Telstra's Business Principles, Code of Conduct, Products and Services, Customer Service, Marketing, and Management Development.

This decentralised approach is complemented by the strategically focused team of Corporate Human Resources, Organisational Learning and Development (L&D) professionals. They support Telstra's Business Units by providing specific expertise and leading corporate learning initiatives such as our Executive, Leadership and Management Development programs. Telstra currently offers a range of Corporate Learning initiatives such as the Executive Leadership Program, Frontline Leaders Program, Leadership in Action Program and Strategic Negotiations Program.

In addition, the Telstra Learning and Development Network (TLDN) offers a regular discussion forum for Learning and Development issues and can assist with requests for help, and provide advice and information about learning resources.

Our performance

Highlights of Telstra's strategic approach to Learning and Development during 2006/07 include:

- An investment in learning and development in excess of \$60 million representing an investment of approximately \$1,500 per employee;
- eLearn, our internal Learning Management System, recorded an average of 72,000 registered active learners at any given time throughout the year. These included Telstra staff and contractors; and
- eLearn recorded an average of 572,000 enrolments in learning activities.

Learning Academy

The Telstra Learning Academy is a \$200 million, five-year incremental training investment delivering a highly skilled and productive technical workforce supporting Telstra's Transformation into a world class media communications company. The program includes skills development for our field and network services people, fixed and wireless engineers and our IT, product and billing employees

Through a strategic partnership with Accenture Australia Ltd, a key part of this investment, the Telstra Learning Academy commenced classes in August 2006.

The Telstra Learning Academy's job-ready training supports a range of subject areas including; Internet Protocol, wireless technologies, customer service, network planning and engineering, and project management. The Academy is creating a more productive, better informed operational workforce with the technical, interpersonal and technological skills to meet customer needs now and in the future.

In its first 12 months of operation 82 courses were developed and delivered to more than 12,000 learners at over 70 Telstra facilities across Australia. A variety of computer-mediated learning solutions such as web-based, live virtual instructor-led, podcast and simulation-based courses were introduced.



Students in the Learning Academy

The Academy is now training Operations people for the future, and has shifted the learning mix for our field people from predominantly compliance training to now include technological and Transformation training. More than 1,500 Communication Technicians (CT) were assessed in Health and Safety Training achieving a 90% or above pass rate. The new methodology has contributed to a reduction in lost-time injuries. The process saved the business 4,840 training hours in the first three months of deployment.

Two new, purpose-designed training facilities, one in Melbourne (training 4,300 students on site each year) and one in Sydney (training 5,000 students on site each year) were opened. The centres combine hands-on technical and software-based training in the same space.

“The instructor, a former Communications Technician, was really good at matching market-based management principles to experiences we’re familiar with. It was the first time I really had an opportunity to understand the kind of service we’re trying to create for our customers through the Transformation. I’ve been able to better understand what customers value, what they’d be interested to hear about and how to tailor my interactions. That’s been positive.”

Paul O’Halloran

Communication Technician in New South Wales

Diversity and opportunity matters

Why does this matter?

Telstra is at the forefront in the provision of employment and Information and Communication Technology (ICT) services to disadvantaged or marginalised groups, including people with disability, the elderly, people of Aboriginal and Islander descent, and those from culturally and linguistically diverse backgrounds.

Having a diverse range of employees better enables us to represent our customer base, have the highest quality workforce and be an employer of choice. The overarching principle that a diverse workforce delivers productivity and increased revenue to the business is why this matters.

Our approach

Telstra is committed to ensuring that our work environment promotes diversity and is free of unlawful discrimination, and this principle is reflected in everything we do – our leadership, performance and talent management, through to our business planning, strategic initiatives and reward systems.

In November 2006, Telstra established a corporate-wide Diversity Council, consisting of five Group Managing Directors and premised on the principle that diversity is good for business. Each member of the Council reports directly to the CEO and champions a particular priority area of diversity.

Each priority area is addressed by a taskforce of senior managers responsible for the implementation of a substantial program of work that will provide significant benefits to our employees and to the community across these six priority areas. These are:

- **Age Balance:** focuses on the inclusion of age groups at risk of marginalisation such as older workers. This priority area recognises the challenges faced by older workers and attempts to assist with work-life flexibility issues and a focus on phased retirement.
- **Gender Taskforce:** goes beyond the traditional definition of equal opportunity for women by focusing on identifying and eliminating barriers to the development and progress of women within our company.
- **Work-life Flexibility Taskforce:** is dedicated to employee well-being, and facilitates a work environment which helps employees to balance their work and personal commitments.
- **Disability:** Telstra is committed to raising awareness of people of all abilities and exploring barriers that employees may be experiencing. At Telstra we understand that people with a disability can bring important attributes to our workplace.
- **Sexual Orientation and Gender Identity:** is concerned with the inclusion and development of people who are gay, lesbian, bisexual or transgender.
- **Cultural Diversity:** develops strategies for attracting and retaining larger numbers of employees from diverse cultural backgrounds and Indigenous Australians in order to more effectively align our employees with our customers.

Our performance

The following is an account of the progress that has been made in each of the six priority areas.

Age Balance

During 2007, Telstra launched the re-badged "Choose.Create" career extension program for mature age employees at Telstra. This program gives employees the opportunity to reduce their hours or days in the workplace in order to pursue other goals as they approach retirement.

Gender

The Gender Taskforce established the Virtual Women's Network (VWN), a network of Telstra women who meet on a regular basis. The VWN aims to provide members with a virtual community to share information, network with each other, meet potential mentors, and gain and share practical advice on self-development, career development and work-life challenges. The network's activities feature regular forums which provide members with access to high calibre speakers and guest presenters who facilitate discussion on issues and topics relevant to women at Telstra.

The Telstra VWN focuses on six key areas:

- Events – to conduct engaging events that provide members with access to networking, learning and career enhancement opportunities;
- Communication and engagement – to keep our members and potential members up to date, informed and engaged;
- Membership – to build our membership so that it is representative, diverse and recognised within Telstra;
- Secure site for members only – events, benefits, networks, resources (built by topic), quarterly news, members ideas parking lot;
- Priority access to events, including networking with senior women; and
- Strategic alliances with external communication channels, like magazines and networks.



Cultural Diversity

National Aboriginal and Islander Day of Celebration (NAIDOC) provides an opportunity for all Australians to celebrate Aboriginal and Islander cultures, among the oldest cultures in the world, through the recognition and acknowledgment of Indigenous Australians. Telstra has celebrated NAIDOC week for over a decade and is committed to promoting cultural awareness and acknowledging the contributions of Aboriginal and Islander employees at Telstra.

As part of Telstra's annual NAIDOC Week celebrations our Telstra Indigenous Awards honour the efforts of Telstra employees who raise awareness of Indigenous issues within the company and broader community. The 2006 Award was won by Annette Gaulton for her work in helping Indigenous customers to better understand and access Telstra's products and services.



Andrea Grant, Group Managing Director, Human Resources, with the 2006 Telstra Indigenous Award recipient, **Annette Gaulton**, and CEO **Sol Trujillo**

Work-life Flexibility

The birth or adoption of a child often represents a major change to both the personal and working lives of the parents. In 2007, Telstra launched a new Maternity and Parental Leave Guidelines and Childcare Information Kit to assist all employees and their managers with managing maternity and parental leave.

The guidelines cover everything from initial discussions with the employee's manager to the levels of contact the employee wishes to maintain with Telstra whilst on leave. The kit also aims to help maternity leavers in their return to work.

Telstra story – work-life flexibility

Peter Gannas, Marketing Analyst for Telstra Business became very familiar with Telstra's Parental Leave Guidelines after the birth of his son Andrew on 5 March 2007.

"I am a new father and didn't quite know what to expect when our first child was born. When my wife Betty gave birth to Andrew I was able to leave work to be with her. I then took some parental leave after Andrew's birth which let me support my wife whilst she was recovering, and also to get to know Andrew," Peter said.

When giving birth, Peter's wife Betty had an emergency caesarean so she took some time to recover from the birth. According to Peter being able to take parental leave at this time was the best thing about Telstra's parental leave.

"I am grateful that Telstra has been such a great employer supporting my parental leave. Having the support of your employer is crucial when you have your first child because your life changes in a million different ways. I was able to spend some great time with my wife and our new son Andrew, and that kind of time with a new baby is priceless."



Peter Gannas, Marketing Analyst for Telstra Business with son Andrew

Disability

Telstra's Disability Taskforce launched the national *Stepping into Program*, a four week internship for students with disability in their penultimate year at university.

Coordinated by the Australian Employers Network on Disability this program is a way to increase understanding of individual differences in employment, promote the skills of people with disabilities and build an employee's skills and confidence in relating to people with disabilities.

Sexual Orientation and Gender Identity

During 2006/07, one of the highlights of the Sexual Orientation & Gender Identity Taskforce was to rollout a comprehensive policy review, which sought to remove inconsistencies in language and consequent performance relating to the treatment of employees in same-sex relationships. The recommended changes are consistent with Telstra's commitment to workplace diversity and equality, and the findings of a recent national inquiry by the Human Rights and Equal Opportunity Commission.

Health & Safety matters

Why does this matter?

Telstra is involved in a wide variety of work practices from underground cabling and building mobile towers to office work, each with a vastly different set of health and safety standards. Good health and safety practice is not just a legal requirement but a business imperative. A strong health and safety culture will reduce the number of incidents at work, build team morale and lead to greater productivity. Put simply, good health and safety practices matter because they save time, costs and lives.

Our approach

Telstra's Occupational Health and Safety (OHS) Policy and associated corporate systems are managed by the Corporate OHS team under the direction of the Director HS&E, reporting to the Group Managing Director, Human Resources. OHS practices are streamed to cover the critical work tasks, and therefore hazards, encountered in our businesses. The Networks and Infrastructure stream looks after the field environment, while the front-of-house stream supports offices, shops and call centres.

Compensation

Telstra is the holder of a self-insurance licence under the *Safety, Rehabilitation and Compensation Act 1988* (SRC Act). The current licence was extended for a period of four years from 1 July 2006 and authorises Telstra to accept liability to pay compensation and other amounts under the SRC Act in respect of injury (including disease) suffered by Telstra employees in connection with their employment. Allianz Australia Insurance Ltd is authorised to manage Telstra's claims.

Prevention

In addition to the benefits associated with being self-insured under the SRC Act, Telstra is covered by the Commonwealth *Occupational Health and Safety Act 1991* (OHS Act). This means that Telstra needs only comply with Commonwealth laws regarding OHS, irrespective of the location of its workplaces.

Telstra maintains an Occupational Health and Safety Management System (OHSMS) which conforms to the requirements of Australian Standard 4801 (AS 4801). This system drives our compliance and governance activities in relation to OHS. Together with the requirements of our self-insurance licence, this system provides for and mandates a series of internal and external audits of OHS management across our businesses.

Our OHSMS includes an extensive set of corporate Health, Safety and Environmental standards. These standards cover a range of general industry hazards as well as telecommunications specific issues such as Electromagnetic Energy (EME).

A key plank of our prevention strategy is to ensure effective local consultation. All Telstra workplaces have processes in place to ensure consultation on OHS matters. These vary across our workplace, however the predominant consultation process occurs through elected health and safety representatives or OHS committees.

Rehabilitation

Telstra maintains a comprehensive injury management system covering both rehabilitation and claims management functions. The injury management process is well established across the organisation and accessible to all employees via the Telstra Intranet. Telstra's web-based interface allows managers to access current information to enable them to effectively manage claims and rehabilitation activities and ensure the best possible care for injured employees. Telstra also provides discretionary rehabilitation to employees for non SRC Act related conditions.

Our performance

Telstra's OHS performance is overseen by Telstra's executive management and Board. In addition, our regulator Comcare assigns a 'Tier' rating to Telstra and other self-insured licensees. The "Tier Model" has three levels which reflect the level of regulatory oversight required by Comcare to satisfy the Safety, Rehabilitation and Compensation Commission of the licensee's conformance to its conditions of licence. The level of regulatory oversight acknowledges and encourages good performance and affects the licence fee model through the principle of user pays.

Telstra is rated as a Tier 3 organisation for prevention and is currently working towards achieving Tier 3 status for Workers Compensation and Rehabilitation (refer Table 1).

Table 1. Comcare's Tier Model

Tier Level	Performance Requirements	Telstra's Rating
<i>Tier One Elementary Level</i>	<i>The focus is on compliance through the establishment of policies, procedures, resources and management systems. Licensees are subject to annual compliance audits performed by Comcare.</i>	<i>Telstra has moved through Tier One status in all aspects of its OHS and workers compensation systems</i>
<i>Tier Two Intermediate level</i>	<i>To reach this level licensees must demonstrate compliant and conformant processes, have in place strong management systems and be seeking to achieve self audit status. Comcare assesses the quality of the licensee's audits annually, but the licensee may choose to self audit or engage external auditors. Comcare performs compliance and management system audits in the last year of licence.</i>	<i>Current Telstra Tier for Workers Compensation and Rehabilitation</i>
<i>Tier Three Advanced Level</i>	<i>Focus on positive and material corporate change in injury prevention and injury management. Licensees at this level demonstrate high standard of internal quality assurance, strong management systems and self audit capabilities. Comcare perform compliance, management systems and corporate governance audits in the last year of licence.</i>	<i>Current Telstra Tier for Prevention</i>

As previously mentioned, a central part of Telstra's Transformation is to become more efficient in all that we do. Telstra has reviewed the structures, processes and activities related to OHS management across the organisation. The review sought to reinvigorate OHS performance improvements, based on a framework of legal compliance and management engagement. Table 2 summarises the results.

In addition, we have developed HS&E management system standards to clarify compliance with AS 4801 and our self-insurance licence. We also revised our HS&E management system audit tool to closely align with the new and revised standards. We have developed a Health Management Plan for Pandemic Influenza as an integral component of Telstra's overall business continuity plan.

Table 2. Recommendations and results of Telstra's

Review Recommendations	Results
Functional centralisation	Reduced five layers across multiple business units to three layers in one group
Simplification of internal compliance processes	- 60% reduction in procedures, forms, Intranet pages, checklists - 70% reduction in mandatory training - Introduction of competency assessment
Re-focusing of risk management methods	Shift of focus from low consequence – high probability events to high consequence – low probability events e.g., working at heights
Stronger focus on workers compensation forward liability drivers	Strategic focus on claims management and return to work strategies

The structure and work plan associated with the review became fully operational on 1 July 2006. The specific 12 month outcomes of the updated OHS Management System were:

- 20.1% reduction in 12 month Lost Time Injury Frequency Rate (LTIFR). Refer Table 3 and Figure 5;
- 6% reduction in workers compensation forward liability from \$208.4 million to \$196.5 million;
- number of open workers compensation claims remained below 2000; and
- 18 external HS&E audits were conducted. Our audit results indicated that the level of implementation of HS&E in all audited groups was Basic or above, 88% of audited business groups having effective or highly effective HS&E Management Systems in operation.

Table 3. A summary of our performance for the past five years for Audit results, LTI's and LTIFR.

Year	% of Effective audit results	No of LTI's (& % improvement from previous financial year)	LTIFR (12mm) (& % improvement from previous financial year)
2001/02	38%	403 (36%)	6.7 (9%)
2002/03	57%	360 (11%)	5.4 (19%)
2003/04	62%	265 (26%)	4.4 (19%)
2004/05	74%	199 (25%)	3.2 (27%)
2005/06	86%	157 (21%)	2.7 (16%)
2006/07	88%	116 (26%)	2.14 (21%)

LTI = Lost Time Injury (at least one fully shift or day lost)

LTIFR: No of Lost Time Injuries per million hours worked (as of 30 June 2007)

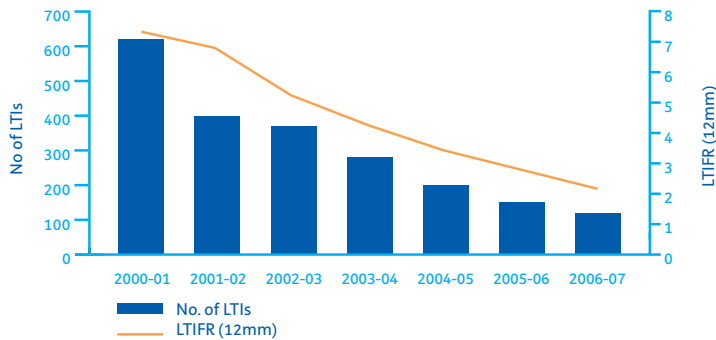


Figure 5. Telstra Lost Time Injuries versus LTIFR



Chris van Elst
Technical Specialist, Telstra

Telstra story – Field Essentials Portal

Developed in 2006, Telstra's Field Essentials Portal (Intranet site) is a primary, integrated source of information for Telstra's Field employees, providing Communication Technicians (CT) single site access to information related to their work. Through this portal, CT's have access to National and Regional HS&E specific information that helps them manage their daily risks. Using Telstra's Next Generation technology we provide employees across Australia with practical, up to date resources for managing workplace safety in high risk environments.

Prior to this initiative, HS&E information was located through separate sources of information and locations, typically replicated in various applications, in both online, offline and hard copy formats. The new Field Essentials Portal, accessible via the CTs' laptops:

- Removes the problem of obsolete and duplicated documentation and delivers an environmental benefit of reducing paper use.
- Has not only allowed Telstra to rationalise HS&E content, but also provides local information as required, HS&E Plans and special work location requirements.
- Provides simplified content such as Quick Reference Guides as opposed to the full procedures, while still including access to quick links for employees to obtain full process documentation when required.
- Provides automatic updates through the use of standardised software; employees can have the latest version of the information with one click, anywhere, anytime.

Mental Health and Resilience

During 2006/07 Telstra's Mental Health and Resilience program continued to grow with strong interest from our employees. The program promotes two major messages:

1. All individuals in an organisation undergoing Transformation must keep enough fuel in their tank for the journey.
2. Mental health and mental illness are part of life and Telstra encourages employees to learn and understand their signs and symptoms, how to talk about or share concerns, and how to access appropriate professional guidance.

These messages have been encouraged and delivered through:

- Telstra's new publication Resilience – Energising Life;
- updating the Mental Health – Creating a Mentally Healthy and Supportive Workplace publication;
- 50 Resilience Awareness and 52 Mental Health workshops with 610 and 642 participants respectively attending these workshops; and
- Mental Health Week where over 19,500 employees were touched by various activities e.g., the distribution of information packs, seminars, teleconferences and displays.

Our next steps

Telstra is proud of its effort in the workplace during 2006/07, but acknowledge that processes can be further refined to achieve better results for our workforce. Telstra will take the following next steps to make 2007/08 an even better year:

- Health and safety commitments include:
 - > maintain Tier 3 status for prevention and reach the required standard for Tier 3 in Workers Compensation and Rehabilitation;
 - > improve OHS Audit results to +90% BBB (Effective) standard;
 - > continue to rollout mental health and resilience programs;
 - > increase awareness of proactive Employee Assistance Program (EAP) service;
 - > revise Health & Safety management arrangements to be consistent with changed legislative requirements;
 - > further refine the internal and external mix of OHS training provision;
 - > meet Safety Rehabilitation and Compensation Commission workers compensation Indicator Targets;
 - > achieve a 10% reduction in the average cost of workers compensation claims; and
 - > develop and commence implementation of a Telstra Health Promotion strategy.
- Continue to build on a robust Employment Strategy by reviewing the major people policies to ensure that they are simple, effective, streamlined and easily accessible to the end user.
- Learning and development commitments include:
 - > launch a new Learning Management System – Learn.Achieve (LA);
 - > deliver our new Front Line Leaders (FLL) program to approximately 2,000 FLL's; and
 - > deliver IT Transformation training to in excess of 20,000 employees.
- Improve the performance management approach by:
 - > improving employees' experience of objective setting; and
 - > improving managers' skills in providing feedback to employees about their performance.
- Diversity @ Telstra will:
 - > develop a suite of women's mentoring products;
 - > develop a set of goals and metrics with regards to women's participation at senior levels of Telstra;
 - > rollout a national 'Willing and Able Mentoring' program for students with disabilities to be mentored by Telstra managers;
 - > deliver a Flexibility @ Telstra Framework which will bring all of Telstra's work-life flexibility, health and well-being, and leave provisions, into the one place to provide a one-stop-shop for employees; and
 - > utilise the Telstra Diversity Council to champion diversity initiatives and key priorities across the business.
- Telstra's Learning Academy will deliver more than 5,500 instructor-led training days for Telstra Operations people around Australia (courses range from one to four days in duration) and publish around 110 web-based training courses. The Academy will broadcast approximately 250 virtual seminar sessions from its two new training centres to Telstra Services learners across the nation.
- Introduce a campaign learning approach that provides people with a series of complementary electronic and instructor-led courses that prime, instil and then reinforce new knowledge in critical skills areas (like working with ADSL) over a period of time.

Marketplace Matters

Satisfied customers are fundamental to business success. In addition to the usual perceptions of price, quality and availability, other factors are increasingly considered by consumers when they decide where their money should be spent. Factors such as a sense of affinity and loyalty to a brand or product, the accessibility of a product and service, concerns about security and privacy, ethical sales, and marketing are all issues that influence consumer choice. Engaging with customers to inform them of these issues and to determine their needs and expectations has never been more important for attracting and retaining customers.

Suppliers can also have a significant social and environmental impact on a company's performance and reputation. By working with our customers and supply chain we can deliver the best products and services to meet our customers' needs while providing good social and environmental outcomes for all stakeholders. This is why the marketplace matters.

Our services matter

Why does this matter?

Telecommunications networks, in particular broadband, are changing the world. They are making businesses more productive, providing new ways of working, reinvigorating regions and delivering better health and education services. For the Australian economy high-speed broadband will:

- boost productivity, growth and economic opportunity;
- allow small businesses to compete and create real jobs for Australians wherever they live; and
- help promote regional development beyond the major cities.

Sophisticated and far-reaching telecommunications networks provide a platform for innovation in business and personal applications. These enable a nation's economy and communities to maximise their opportunities to develop and prosper.

Our approach

Telstra has the will, the knowledge and the capability to build the infrastructure that is required for Australia to deliver globally competitive broadband speeds. While the regulatory environment in Australia does not encourage significant investment in telecommunications infrastructure, we will continue to look for opportunities to improve telecommunications investment in Australia. Telstra has demonstrated this commitment in the less regulated mobile space through the development and rollout of the Next G™ network.

Telstra is also committed to providing our customers with a powerful, seamless experience across devices and platforms in a one-click, one-touch, one-button, one-screen, one-step way. Telstra is committed to identifying and designing the best possible product and customer experiences.

Our performance

Two major events occurred during the 2006/07 year that are transforming the way our customers and Australians live, work and play. First, in October 2006 Telstra launched its Next G™ network, Australia's largest and fastest mobile broadband network that covers more than 98.8% of the Australian population. Second, in April 2007 Telstra launched the Telstra Next IP™ network which is a fully integrated next generation fixed line network that is more reliable and higher performing than any other Internet Protocol (IP) network ever built in Australia. Together these networks are one of the largest integrated national IP networks in the world and they create significant opportunities for our customers and all businesses (large and small), communities (metropolitan, regional and rural), governments and individuals from every corner of society.

What does this mean for regional communities?

One of the features of the Next G™ network is that it gives customers access to the same high-speed mobile services, regardless of whether they live in the city or country. This creates tremendous opportunities for those living and working in rural and regional communities to do things they were previously unable to do. Regional businesses can maintain their headquarters in regional areas and be closer to their customers while maintaining high-speed communications with their suppliers in the cities - significantly reducing travel and allowing more people more time with their families and their local communities.

On a personal level, it allows people to use e-mail, or check the weather in real time, keep up-to-date with global news, do their banking online more confidently, do business with city-based people more efficiently and keep in touch with friends and family abroad.

"This is about students in Bendigo or Bathurst being able to go to university in Melbourne or Sydney without having to leave their home town. Or about patients in regional hospitals being able to do virtual consults with the country's best specialists online and in real time."



Geoff Booth

*Group Managing Director,
Telstra Country Wide*

A recent innovation has extended the 'range capability' up to 200 kilometres in selected base stations across the Next G™ network. Previously networks have been typically restricted to a signaling distance of 50 to 60 kilometres and a maximum range of 80 kilometres from a base station which means that people located outside that range were unable to access the network. Now people working and living in remote areas have greater network access than ever before which is opening up economic development opportunities in remote areas of Australia.

"In my role I look after remote staging operations during fires like the one here at Jamieson, Victoria. In previous years I have relied on our major stations – such as the one at Mansfield – to hand deliver maps to help us decide where to move our fire trucks, fire fighters and staging area. Those maps were pretty much out of date when they arrived, usually hours later. When we were organised, we'd have a fax machine at our staging area and we'd get the maps quicker – but in scratchy black and white."

"The Telstra technicians out here provided me with a Next G™ Turbo Card to stick in my laptop. I was stunned with the speed and reliability of the broadband in a place as remote as Jamieson. It's magic. I was able to access accurate fire information from the Department of Sustainability and Environment's website and have the Bureau of Meteorology website open at the same time to get up-to-date weather information. It was all spot-on. We recorded all this information and briefed our fire fighters more often and more accurately. It is remarkable how much of a difference this made to our fire fighting efforts."



Bob Dare

*Victoria's Country Fire Authority Staging
Area Manager based in Jamieson*

Telstra story

- Next G™ network delivers more than 80 kilometres offshore



Cray pots readied for the Arolhos Islands' cray fishing season

The Next G™ network is providing unprecedented opportunities on the Arolhos Islands.

The Arolhos Islands consist of around 120 islands in a group situated 80 to 100 kilometres off the coast of Geraldton, Western Australia. The Island group is below the horizon when receiving transmission from the nearest mainland towers yet the Next G™ network performs brilliantly.

In March 2007 Max Jennings, Telstra's Wireless Director Radio Access Network, Colin Miles, Telstra Country Wide's, Area General Manager Grant Lauder, Telstra's Mobile Technical Specialist and Telstra Country Wide technician Daryl McCaffrey visited the Arolhos Islands in preparation for the cray season. They took Fisheries Department representative and local journalist, Alex Munro, along for the ride.

Not surprisingly Alex's mobile phone (not with Telstra) lost signal about five kilometres off the coast. He was genuinely impressed later in the day to see fast, wireless broadband delivered well outside the poor range of his personal mobile phone.

The first stop was Post Office Island where the Next G™ network test delivered 1.2Mbps download speeds via a USB modem with an external antenna to a laptop computer used by Jane Liddon who runs a pearl farming and cray

fishing business. Jane requires instant and reliable access to weather forecasts and sea condition reports and was thrilled at the speeds provided by the Next G™ network. The Telstra team also tested video and audio calls with great success from the Island.

Tests from nearby Big Rat Island delivered peak download speeds of 1.6Mbps and four simultaneous broadcasts of BigPond video streaming were attempted to push capacity limits – there was no impact on data flow and the network performed flawlessly.

What about Cyber Safety?

Telstra is a proud Taskforce partner of the Australasian Consumer Fraud Taskforce which is made up of a number of State and Federal government bodies from Australia and New Zealand. The Taskforce launched a four-week awareness campaign during March 2007 designed to educate consumers on how they can better protect themselves from scams. Telstra's Corporate Security & Investigations (CSI) group was responsible for promoting campaign messages both to our employees and customers. Using Telstra's various communication channels, the campaign messages reached over 1.2 million BigPond customers, 400,000 Trading Post users and 30,000 employees.

Between July and October 2006 Telstra's CSI group was part of a steering committee for the Federal Government's *Stay Safe Online Campaign* run by the Department of Communications Information Technology and the Arts (DCITA). An awareness week campaign called Stay Safe Online in October brought together government agencies and large corporate organisations nationally. Telstra was the only Internet Service Provider (ISP) on the steering committee and as such played a major role in supporting and promoting the initiative.

A new Telstra product helping to safeguard users from unauthorised material is the BigPond Security Solution which safeguards information on customers' personal computers, their BigPond e-mail, and protects personal details and restricts unauthorised use. The security package is particularly attractive for families wishing to reduce security risks to their home computers or reduce exposure to offensive material.

What does this mean for business?

Telstra's Next Generation networks remove the constraints of distance and time. Through applications such as virtual meetings, Instant Messaging, and multimedia web-conferencing, businesses are reducing business-related travel and have flexibility that enhances productivity and allows more time for family and friends.

IP Video Collaboration (IPVC) is an example of an application that is saving time, energy (through reduced travel) and money. IPVC allows people to meet and conduct live, online interactive meetings, conferences, and training sessions using visual and audio tools in an environmentally friendly manner. IPVC's video collaboration capability reduces the need for travel enabling not only cost reductions for customers but also reductions in carbon emissions in the atmosphere. The ability to hold spontaneous meetings, regardless of where people are located, means that information can be distributed more quickly, issues can be resolved more quickly, or a consensus can be reached in a timely manner. This translates into increased business efficiency, reduced delays in decision-making and the associated costs.

Web Contact Centre is another new application that has the potential to realise significant social and environmental benefits. Employees anywhere can be part of a call centre, as long as they have a telephone, a personal computer and access to the Internet. There is no need for large upfront capital investment, no additional onsite equipment, software or telephones required and no lengthy or costly implementation. This is further enhanced by not having to build and maintain large contact centres. Also, staff can be scheduled to work from any location giving employees even more control over their work environment.

Telstra story

- Extending radiology beyond hospital walls

Distance has not stopped North West Queensland Radiology entering into a contract with Queensland Health to provide on-call radiology services to Cairns Base Hospital and Mt Isa Hospital. The business has three radiologists, two in Brisbane and one in Townsville, who use high-speed broadband technology to overcome vast distances between hospitals and homes.

The technology – Telstra Connect IP – allows the radiologists to move large amounts of patient data to and from their city bases and the regional hospitals. North West Queensland Radiology partner, Dr Robert Morgan, approached Telstra to upgrade his standard ADSL link as the large data files that he was trying to view were taking too long to upload and download from his personal computer.

Telstra identified that Dr Morgan and his partners required a reliable, secure private network that could provide fast access to image files for patient diagnosis and provide a verbal response in the form of an audio file back to the hospital system for staff to action. Telstra Connect IP was the answer as it could provide fast, dedicated links to the hospitals and residences.

After receiving Telstra's proposal, North West Queensland Radiology saw the benefit that the technology investment could provide its business and patients. With Telstra Connect IP installed Dr Morgan and his partners are now able to view patients' files in minutes when accessed from the hospital image management system. They can provide a prompt response to the regional Queensland hospital staff knowing that their files are on a safe, secure and fully managed and maintained network.

"We are servicing remote areas. It's a secure and reliable system that allows us easy access to patient records," Dr Morgan said. Radiographers and technicians do CAT scans on-site, load them onto a server and I can view them on a computer monitor."

Dr Morgan and his partners have a microphone on their personal computers so they can verbally analyse a scan in 'real-time' and give assessments while online. Response time is often critical in radiology practice - not only for the patient, but also the hospital system which is relying on instructions from the radiologist before they can begin appropriate care protocols.

Product stewardship

Telstra continues its strong involvement in the MobileMuster program, the official recycling program of the mobile phone industry in Australia. The industry's recycling program began in 1999 and was re-launched as MobileMuster in 2005. MobileMuster aims to raise community awareness and participation and triple recycling levels to 1.5 million mobile phones and batteries a year by the end of 2008.

Telstra collects mobile phones through several sales channels. Our retail network of almost 300 stores act as public drop-off points; online and telesales customers are given information on how to recycle their old handsets; business and corporate customers are encouraged to recycle their old CDMA and redundant tool-of-trade handsets; and we promote MobileMuster in our customer communications. Collection points are also located in our office buildings and in corporate mail rooms. Employees at the Warringah Mall Telstra Shop, New South Wales, were recognised for their mobile phone recycling efforts last year in the Telstra Customer Sales and Service Awards Night.



Sean Casey (centre) with **Cam Will** and **Briony Mattocks** from Telstra Shop Warringah Mall receiving their award at Telstra's Customer Sales and Service Awards Night 2006

Over the last 12 months Telstra has collected almost 21 tonnes of mobile phones, batteries and accessories to be recycled through MobileMuster. This included more than 77,700 handsets – that's an 8 kilometre trail of phones if placed end to end and represents an increase of 80% on the previous 12 month period.

During June 2007 MobileMuster ran the *Old Phones New Trees* campaign for one month in partnership with Landcare Australia pledging to plant a tree for every handset handed in for recycling. 14,600 trees were planted as a direct result of the phones collected by Telstra which is estimated to offset the carbon emissions of more than 800 cars for one year.

Telstra also invited some major business customers to recycle their mobile phones. In August 2006, Telstra worked with Westpac to run an internal mobile phone muster across 18 of their corporate sites and collected over 1,300 mobile phones from Westpac employees.



Dr Phil Burgess (far left) with telecommunications industry representatives and Mobile Muster's 'Milton' at the *Old Phones New Trees* launch

National Packaging Covenant

In 2006/07, Telstra was again a signatory to the National Packaging Covenant (NPC). As defined in our NPC Action Plan, we have targeted a number of different areas for reduction of packaging in our role as both a wholesaler and retailer of Telstra-branded products. In March 2007, Telstra's achievement of dramatically reducing our Pre-Paid Mobile starter kits packaging by 73% and using all recyclable materials was highlighted by the NPC as a packaging innovation. As per the NPC guidelines, we have produced a 2006/07 NPC Report regarding these activities which is audited by the Packaging Council of Australia and publicly available on www.telstra.com.

Our customers matter

Why does this matter?

Engaging with our customers to understanding their needs and wants is fundamental to business success and must be at the centre of everything we do. By doing this we are better able to develop and offer them the products and services that allow them to live their life their way and, through this, retain their loyalty and build our customer base.

Our approach

Telstra's Transformation includes transforming the way we manage our relationships with our customers. Previously, Telstra had a product-based approach with our customers. Our focus has now shifted to ensuring our customers' needs and expectations are first and foremost, rather than our products and services – we call this market-based management. A fundamental element of this is that we engage with our customers and the broader community to determine what their needs are, and develop products and services to meet those needs.

Our performance

Community Advocacy Program

The Telstra Community Advocacy Program (CAP) is a unique opportunity for staff to maximise customer awareness and understanding of Telstra's Next G™ services and other products by visiting groups in their local communities. During 2006/07, 25 Sydney and Melbourne volunteers conducted 203 presentations to local sporting, Rotary, Probus and computer clubs, and other associations. This is helping build relationships with our customers and the community and gain an insight into their needs and expectations. Engaging with, and listening to our customers and the community is an important part of how we get to understand their needs and become a customer-centric organisation.

The Community Advocacy Program also gives staff a better understanding of Telstra, more empowerment as a member of staff, more connection to their local community, better insight into customers' needs, and a general sense of pride that comes with getting more involved in local community. It is also a great opportunity for staff to develop their presentation skills and learn more about other parts of the business.

Telstra story

- Telstra Metro Community Advocacy Program

Roger Bamber, then Executive Director of Telstra's Sydney Major Metro team recently addressed a significant Indigenous event as part of the Community Advocacy Program (CAP) to spread the word about the features and benefits of Telstra's Next G™ network and to gain some insight into the needs of this community.

The Carwoola Council of Elders is one of New South Wales' largest Indigenous events drawing Carwoola tribe elders from across New South Wales and aimed at celebrating the culture and engaging with Carwoola youth.

The luncheon, held at the Whitlam Centre in Liverpool, was attended by more than 1,000 people who were treated to traditional Aboriginal dancing, music and food. Patrick Lock, Chairperson of Carwoola Council of Elders, welcomed Telstra's support and spoke of the difficulties impacting his community and how Telstra could assist.

"The biggest impact on this community is loneliness, as they feel as though it's difficult to get in touch with others," Mr Lock said.

Roger Bamber said CAP is about getting out into the community, building relationships and connecting with local communities. We now have a better understanding of how our products and services might help overcome these concerns by improving the connections for the community members.



Members of the Carwoola tribe

Maintaining customer privacy

Through Telstra's extensive market research we have collected more data and information about our customers than ever before. The challenge is to uphold our rigorous approach to dealing with our customers' privacy, as applications and data converge and we get to know our customers better.

Telstra has a Privacy Policy, Guidelines, Principles and Procedures that describe and capture Telstra's obligations and commitments in relation to privacy and the protection of personal information. They apply to all Telstra employees and contractors, whether they are located in Australia or overseas, and operate to protect the personal information of individuals which Telstra holds. All employees are required to complete mandatory privacy awareness training when they are inducted into the company and every two years thereafter.

Telstra maintains and supports a privacy compliance program and is subject to an external audit review annually with the results tabled at the Telstra Board Audit Committee. This program, which has been in place since 1988 and is strongly supported by the senior management of Telstra, ensures that:

- there are privacy managers in all areas of the business;
- all products and services are assessed for privacy impact; and
- advice about privacy related concerns is readily accessible.

Telstra is a member of the Communications Alliance (formerly Australian Communications Industry Forum), an industry group dedicated to promoting the growth of the Australian communications industry and the protection of consumer interests by fostering the highest standards of business ethics and behaviour through industry self-governance. This group has developed many codes that target the protection of personal information and privacy of telecommunications users.

Telstra receives and deals with complaints from customers that concern privacy. These complaints are resolved internally and in 2006/07 no complaints were escalated to a level requiring a judicial decision. Complaints received are monitored for resolution and the number of privacy related complaints is regularly reported to the Telstra Board.

Providing services for people on low incomes

Since 1988 we have responded, through community consultation, to telecommunications affordability issues in the community. Since 2002 the Low Income Measures Assessment Committee (LIMAC) has overseen Telstra's *Access for Everyone* package of assistance for people on low incomes. LIMAC is comprised of a range of community organisations including; The Salvation Army, The Smith Family, Anglicare Australia, St Vincent de Paul Society, Homelessness Australia, Jobs Australia and the Australian Council of Social Service along with the Department of Families, Community Services and Indigenous Affairs.

LIMAC oversees the development of products and services included in the *Access for Everyone* package, monitors take-up and usage of the package components, provides input into the marketing and communications strategy for the package and reports annually to the Minister for Communications, Information Technology and the Arts on its effectiveness in meeting the needs of people on a low-income.

Over 1.5 million customers in Australia benefit from the *Access for Everyone* package each month and the total benefit provided exceeds \$200 million per annum.

Some of LIMAC's highlights for the year included:

- research that provided positive evidence that access and affordability of communications services has improved significantly for low-income Australians over the period of operation of the *Access for Everyone* programs;
- some 3,600 community agencies delivered *Access for Everyone* programs;
- Telstra was the principal sponsor of "Don't DIS my ABILITY", the NSW awareness campaign that celebrated the International Day of People with a Disability;
- submissions to the Department of Communications, Information Technology and the Arts concerning the draft guidelines of the Government's Broadband Connect programs – more specifically, broadband affordability issues for people on a low income; and
- representations to the Minister for Communications on the changing nature of telecommunications usage by people on a low income.

While not specifically a low income issue, another initiative relating to the *Access for Everyone* program involved an agreement with Wesnet (Women's Emergency Services Network), a national women's advocacy body which works on behalf of women and children who have experienced domestic violence. Telstra committed to donating excess pre-paid mobile phones each quarter for Wesnet to distribute to clients of domestic violence agencies across Australia.

In January 2007 we donated over 450 phones with a \$25 pre-paid card per handset. These pre-paid cards were made available through the *Access for Everyone* program. We anticipate that this will be an ongoing project, supplying vulnerable people with a private and safe means of communications and contact.

Providing services for people with disabilities

Telstra has a longstanding commitment to making our services accessible to customers with disabilities. For over 25 years we have been providing different types of equipment to assist people with disabilities to have access to the Standard Telephone Service.

In June 2007 Telstra issued its fourth Disability Action Plan for the period of 2007 to 2009. Central to this plan is Telstra's commitment to the basic principle underlying the *Disability Discrimination Act (1992)* – that people with disabilities have the same fundamental rights to access existing and new products, services and applications as the rest of the community.

"As one of the first Australian companies to lodge a Disability Action Plan with the Human Rights and Equal Opportunity Commission in 1996, Telstra's activities have been significant. They clearly demonstrate Telstra's industry leadership in meeting the telecommunications needs and aspirations of Australians with Disability."



Mr Graeme Innes AM

Human Rights and Disability Discrimination Commissioner

Innovative mobile phone services and handsets, together with Telstra's new Next G™ and Next IP™ networks, are providing new opportunities for people with disabilities to expand their communication options. Improving accessibility to mobile phones for people with disabilities is a key initiative at Telstra, and as chair of the Australian Mobile Telecommunications Association (AMTA) Accessibility Committee, Telstra is at the forefront of research and best practice. The Committee was established in 2003 to assist members to identify, develop and promote the accessibility of their products and services for people with disabilities. The Committee's achievements include the development of the *Mobile Phone Industry Good Practice Guide: Accessibility for people with disabilities*, and the AMTA Accessibility website. Recent additions to the website include information to assist people with disabilities to choose and test-drive a mobile phone.

Telstra continued its Disability Equipment Program during the 2006/07 year enabling Australians with disability to access the Standard Telephone Service or equivalent, irrespective of the costs of the equipment provided. Telstra received 13,000 requests for the supply of Disability Equipment through this program. Equipment includes Teletypewriters (TTY), Cochlear Implant Telephone Adaptors, Volume Control Phones, Big Button Multipurpose Phones, and Big Button Cordless Phones. Over 11,000 of these requests were fulfilled.

The Telstra Disability Forum (TDF) continues to meet twice each year under its own charter. The TDF includes representatives from the Australian Association of the Deaf, Better Hearing Australia, Blind Citizens Australia, National Council on Intellectual Disability, Australian Federation of Disability Organisations, Deafness Forum, National Indigenous Disability Network, Women with Disabilities Australia and the National Ethnic Disability Alliance. In addition to the TDF is the Telstra Disability Equipment Program Consumer Advisory Group which provides input and feedback regarding the operation of Telstra's Disability Equipment Program.

Providing services for Indigenous communities

Telstra's National Indigenous Directorate has been in operation for two years. The Directorate aims to make telecommunications services more accessible to remote Indigenous communities by the development of culturally appropriate products and services and ensuring their effective distribution. The Directorate leads Telstra in developing economic opportunities such as contracting and product sales for Indigenous communities.

Remote Indigenous communities have specific communications requirements. Due to the communal nature of many communities, a standard telephone connected in a home can cause credit issues as the phone may be used by a number of people leading to difficulty when the account is received. There is a heavy reliance on payphone services though standard payphones are not suited to the conditions in many communities – typically due to problems associated with the coin mechanism. In response to these needs, Telstra has developed a number of service options.

Telstra Country Calling Line is a home phone service where the cost of line rental is deducted each fortnight through Centrelink's Centrepay service. Outgoing calls which attract a charge are made using a pre-paid phone card, preventing large phone bills being run-up by multiple users. This product is in limited trial in a small number of remote communities.

Telstra Country Calling Card is a dual tariff pre-paid card. Calls made from a Country Calling line are priced similarly to a standard fixed line service, including offering capped STD rates. Calls made from payphones are charged at a similar rate to Telstra's PhoneAway pre-paid card. The dual tariff card is particularly useful for people who use a variety of services to manage their communication needs and means that they do not pay the higher payphone rate for calls made from a home phone service.

Telstra Community Phones were developed in conjunction with the Centre for Appropriate Technology (based in Alice Springs) for conditions found in remote Australia. Community Phones are card-only, housed in a stainless steel casing and very robust. Telstra initially deployed 20 of these units on a pilot basis, mainly in the Alice Springs region. A further 216 were installed in conjunction with the Department of Communications, Information Technology and the Arts in remote communities in the Northern Territory, and the Pilbara and Kimberley regions of Western Australia.

Telstra has a specialised **Indigenous Hotline** to provide customer service to Indigenous customers. This service was originally located in Townsville but was transferred to Darwin in the first half of 2007. Eleven Indigenous employees are employed to provide this service.

Telstra Consumer Consultative Council

Since 1988 Telstra has met at least three times a year with the Telstra Consumer Consultative Council (TCCC) and the TCCC Credit Management Working Group. The TCCC is comprised of 15 peak Australian organisations representing different interests, including the Central Land Council, Australian Council of Social Services, National Council of Women, Isolated Children's Parents' Association and the Communications Law Centre. The overall strategy is to gain differing viewpoints that cover a variety of experiences and provide feedback to Telstra regarding the needs and expectations of various segments of our society. The TCCC has a Telstra co-chair, Jenny Roche, Executive Director, Safe and Respected Segment, and a consumer co-chair, Professor Trevor Barr, Swinburne University of Technology.

A significant initiative of the TCCC during 2006/07 was consumer research it commissioned to better understand issues around mobile phone use in Indigenous communities; *Mobile phone use among low income Aboriginal people: A central Australian snapshot*, Tangentyere Council and the Central Land Council, Alice Springs, 2007. The report indicated that:

- Aboriginal people in central Australia are increasingly opting to use pre-paid mobiles phones;
- the main uses are to keep in touch with family and friends, and for use in emergencies; and
- owning a mobile phone is a significant expense for most Aboriginal people who are on low incomes.

The results are consistent with those from general research, confirming that people on a low income are increasingly using pre-paid mobile phone services as their basic communications service.

The TCCC also sponsored research into the impact of unsolicited and fraudulent e-mail and Internet use on Australian consumers and the takeup of emerging technologies such as spyware (software that secretly gathers information about a user while they use the Internet). This research, *Consumers' Telecommunications Network and Seniors' telecommunications issues: Their interests and concerns*, was undertaken by the Australian Seniors Computer Clubs Association, who are members of the TCCC.

"My role in the TCCC has broadened my thinking about consumers. I have a more comprehensive understanding of the needs and aspirations of consumers, and particular groups of consumers, and I can appreciate that in some cases, a little effort from Telstra can make a significant difference to people in disadvantaged situations."



Jenny Roche

Executive Director, Safe and Respected Segment, Telstra and Co-chair of TCCC

Product migration matters

Why does it matter?

Simplifying a company's product offerings, leveraging new and more advanced technology and removing complexity from a company's systems is vital to remaining competitive, efficient, and continuing to add value for customers.

Product exits are required to allow innovations to succeed. One of the most important times a company engages with its customers is when a product becomes obsolete or a new product is introduced to the market. Changes to products and services can be unsettling for customers and it is important that these changes are communicated appropriately to minimise any disruption to customers.

Our approach

The earlier an exit strategy is prepared, the greater chance a company has of maintaining customer satisfaction. First, at Telstra we ensure all our Business Units that engage with potentially affected customers are informed and prepared for the changes to a product or service. Second, we ensure our customers are aware of and understand their options and opportunities regarding the change. Third, we consider how customers are likely to be affected by the change. For example we consider:

- What are customers currently doing with these products?
- How does the customer use the product today and what is an appropriate alternative to that product today?
- What products and solutions do we need to develop to ensure the customer enjoys the same or improved level of satisfaction and minimum disruption to their lives?

Our performance

Telstra's Transformation will create immense change and opportunities in our business and for our customers over the next three to five years. A critical part of this Transformation is Telstra's product simplification and rationalisation program which has gathered pace during 2006/07. This program is tasked with the elimination of products, plans or offers that are obsolete or redundant, and reducing the complexity of Telstra's operating environment. This simplification also results in the migration of customers to alternative product offerings or alternative networks such as those migrating from CDMA to the Next G™ network.

During 2006/07:

- 17 products have been exited;
- 250 old fixed, mobile and Internet plans and offers were removed; and
- across the six product families re-platformed, 2.5 million pre-paid mobile services were migrated to the new Intelligent Network platform and 775 major customer networks migrated to the new IP-MPLS platform.

It is imperative that we communicate these changes appropriately with our customers and the broader community. We have:

- combined a range of product changes into single notices for our enterprise customers and wholesale customers; and
- provided an informative booklet to customers outlining all of the changes, from outdated mobile plans through to diverting services to an alternative satellite.

This means that they can plan for their business over the next two and a half years.

In the consumer and business segments we provide specific notices to customers about the product changes that affect them and their business with clear information on what alternative products and services are available.

"The two things that matter most to customers when they migrate to new products or services are advance notice of the change and clarity about their options. How well we manage the customer's experience when plans, products or platforms are being exited is a vital part of Telstra's Transformation program."



Michelle James

*Director,
Transformation and Customer Migration*

Our suppliers matter

Why does this matter?

During 2006/07 Telstra purchased more than \$10 billion worth of goods and services in our dealings with around 9,000 suppliers, many of whom were small and medium sized businesses. In view of the sheer number of suppliers involved and the range of products and services they supply, Telstra recognises that our suppliers' behaviours can have a significant social and environmental impact, especially within Australia. They have the potential to make significant, positive contributions in the community while also having a direct impact on Telstra's own corporate responsibility performance. Conversely, Telstra acknowledges that our behaviour can have a significant impact on our suppliers and their employees.

Our approach

Telstra's purchasing terms have been prepared to share risk between our suppliers and Telstra so that the party best able to manage a particular risk has the responsibility for that risk. This is supported by our supplier selection process which has been designed to ensure we identify risks, determine who is responsible for the risk and ensure the appropriate controls are included in our contractual arrangements.

Our supplier evaluation processes address the following corporate responsibility elements and require a supplier to show they have:

- formal management systems and plans in place that identify and manage any Health, Safety & Environment (HS&E) aspects and impacts associated with their business and products/services supplied;
- a history of HS&E compliance and good performance; and
- evidence of how they manage the HS&E performance of their sub-contractors.

Our supplier evaluation process is underpinned by our Purchasing Environment Policy which ensures environmental issues are considered in the purchasing of materials. This Policy applies to all purchasing across Telstra from sourcing activities through to the ongoing management of suppliers and contractors.



Maria Simpson, Manager Telstra Community Investment presents the Social Responsibility Vendor Award to PRYSMIAN Telecom Cables & Systems Chief Executive Officer, Paul Atkinson

Our performance

Telstra is committed to transforming its supply chain operations to an effective, electronic business. We are requiring our suppliers to move from old paper based processes for business transactions to trading with us electronically. Our suppliers can implement this at minimal cost through a number of technical solutions.

During 2006/07 significant progress was made on the introduction and implementation of expanded e-commerce business trading with our suppliers. The social and environmental benefits of this include:

- reductions in paper consumption for both Telstra and its suppliers;
- timely payment, especially to smaller suppliers, than previous manual processes allowed; and
- minimal implementation cost to suppliers as they can access the systems via any personal computer with Internet access.

Ordering and payment is now handled online and a new online tendering system was also implemented. Handling these transactions online has saved over 200,000 A4 reams of paper per year – more than four reams per employee. The implementation will continue in 2007/08 and is planned to include online drafting and execution of contract documentation, which should further reduce paper consumption by both Telstra and its suppliers.

For our corporate wardrobe, we use suppliers that are signatory to the Homeworkers Code of Practice, a recognised Industry Code that regulates and monitors the production chain from the retailer to the homemaker (outworker). The code aims to ensure transparency of the supply chain and to guarantee homeworkers receive the award wage rates and ethical working conditions. Companies accredited to the Homeworkers Code of Practice have permission to use the 'No Sweat Shop' label.

The Procurement Directorate continued to have a positive influence on the marketplace through the supplier assessment and selection processes established over the last few years. For several years now our supplier selection process has included a risk assessment process designed to identify environmental and OH&S risks in particular and broader social risks more generally. The result of this process is the requirement for our suppliers to have:

- formal management systems and plans that manage any HS&E aspects and impacts associated with their business and products/services supplied;
- a history of HS&E compliance and good performance;
- evidence of how they manage the HS&E performance of their subcontractors; and
- socially responsible contractual obligations specific to the products or services they are supplying.

In addition, we again recognised the good performance of our suppliers through the Excellence in Social Responsibility category of the annual Telstra Vendor Awards. All our suppliers are eligible for this award. Following a rigorous assessment and selection process, the winner of the 2006 Excellence in Social Responsibility Award was PRYSMIAN Telecom Cables & Systems Australia.

Our next steps

Telstra is proud of its achievements in the marketplace during 2006/07, but acknowledge that more can be done. Telstra will take the following next steps to make 2007/08 an even better year.

- Focus on changing communication needs, Telstra's Transformation, and current limits of consumer protections for people on a low income. More specifically, we will:
 - > Continue to explore ways in which Telstra can provide a benefit to people on a low income using a mobile phone and/or Internet access that takes into account their distinctive needs and usage.
 - > Continue to actively target community welfare agencies with relevant information to assist their clients who do not have a basic telephone service, to choose suitable options.
 - > Continue through LIMAC to seek whole of industry responses to issues of access to communications for people on a low income.
 - > Manage aspects of Telstra's Transformation to ensure customers with disability who require disability equipment and accessories can successfully migrate to Telstra's Next Generation networks.
 - > Maintain a Disability Equipment Program (DEP) and specific associated activities to meet regulatory obligations, e.g.:
 - product development, review, maintenance and support;
 - a DEP application process; and
 - marketing and promotional activities.
- Maintain a commitment to engaging with stakeholders who represent the communities in which we work and operate. The TCCC, the TCCC Credit Management Working Group, the TDF and LIMAC will continue to meet regularly in 2007/08 and discuss the opportunities and impacts of Telstra's Transformation strategy as it relates to residential customers.
- Continue to increase Telstra's recycling of mobile phones, batteries and accessories.
- Continue to improve our networks, products and services to ensure our customers receive the most efficient, cost-effective solutions and applications. Telstra will undertake additional software and site upgrades to extend the mobile coverage range at regional and remote sites.
- Review and improve current procurement initiatives, such as:
 - > investigate incorporating broader corporate responsibility within our vendor selection and vendor management processes; and
 - > ongoing implementation of the e-commerce business trading with our suppliers.
- Continue to make products and services available to people with a disability through our Disability Equipment Program, and to people on a low income or in financial crisis through our *Access for Everyone* package.
- Continue to simplify and rationalise our products as part of Telstra's Transformation. In doing so, we will engage our customers to ensure they are well informed of any changes to service delivery or products, and understand their options and opportunities when migrating to alternative products.