



here for good

Corporate Social Responsibility – our definition

At Telstra, we believe that Corporate Social Responsibility is a values-based approach to how we do business, leading us beyond legal compliance to make a positive contribution to the industries and communities in which we participate.



From the Chairman and CEO

For all of us at Telstra, the definition of success extends beyond financial performance.

As part of the fabric of Australian society and as a company that touches nearly every Australian every day, it is essential that we carefully consider the impact of each and every one of our decisions on our people, customers, suppliers, investors and the communities in which we all live.

At Telstra, we want to contribute to the wellbeing of these communities so that we all prosper both now and in the future. In this way we can achieve a sustainable marketplace and industry and ensure the long-term accessibility to telecommunications for all Australians. Our commitment is to be **here for good**.

We believe there are two important elements to corporate social responsibility. The first is ethical and responsible behaviour that underpins the way we do business every day – going the extra mile to meet our obligations, to do what is right and to live our Telstra values in every decision we make every day. The second is those things that are not part of our main business, but are activities we engage in as a citizen of the wider community. We take pride in making a positive contribution to both.

In this, our second corporate social responsibility report, we have examined our impact in five areas – our people, our community, our environment, our marketplace and for our customers. We are proud of the progress we have made and know that looking forward, we can continue to make further progress.

While the phrase ‘corporate social responsibility’ has emerged fairly recently, Telstra has undertaken initiatives and activities that could be characterised as part of corporate social responsibility for some time, and show that for our people, our communities, our environment, our customers and our industry, we are, indeed, **here for good**.



Ziggy Switkowski
CHIEF EXECUTIVE OFFICER



Donald McGauchie
CHAIRMAN

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CSR at Telstra – about this report

At Telstra, we believe that Corporate Social Responsibility is a values-based approach to how we do business, leading us beyond legal compliance to make a positive contribution to the industries and communities in which we participate.

This is Telstra's second Corporate Social Responsibility report. It reports on Telstra's corporate social responsibility performance for the 2003/2004 financial year for the Australian operations of Telstra Corporation Limited.

Our first report, published October 2003, provided a snapshot of the corporate social responsibility activities we have undertaken as part of the way we do our business. We also made commitments for future performance.

In this report we:

- review our performance against those commitments;
- where necessary, provide explanation about why some commitments were not achieved or implemented; and
- make forward commitments for the 2004/05 year.

We have attempted to not only provide statistical information but to show how our activities have impacted our people, our customers, suppliers and investors and those communities in which we live and operate. We have done this through the case studies in each section of the report.

If you would like to provide feedback on this report, we invite you to use one of the following options:

E-mail: csr@team.telstra.com

Phone: 03 9634 7134

Mail: Locked Bag 3540
Melbourne Vic 3001
Australia

Our company

Our origins date back to 1901, when the Postmaster-General's Department was established by the Commonwealth Government to manage all domestic telephone, telegraph and postal services, and to 1946, when the Overseas Telecommunications Commission was established by the Commonwealth Government to manage international telecommunications services.

Since then we have been transformed and renamed several times as follows:

- 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 in April 1993, trading internationally as Telstra; and
- trading domestically as Telstra in 1995.

We operate Australia's largest telephone network. We provide more than 10.3 million Australian fixed line and more than 7.6 million mobile services.

Usage for 2003/04 included:

- Local calls – 9.39 billion
- Fixed to mobile minutes – 4.226 billion
- National Long distance minutes – 8.52 billion
- International outgoing minutes – 651 million
- Mobile telephone minutes – 6.145 billion
- Number of SMS sent – 1.903 billion

GOVERNANCE IN TELSTRA

Due to our place in the market and our high number of private shareholders, we are probably subject to more scrutiny than any other Australian company. Telstra aims for best practice in corporate governance and we are committed to conducting our business in compliance with legal and regulatory obligations. As a result of this commitment, Telstra won the Australasian Reporting Awards for continuous disclosure and the silver award for Best Annual Review in 2001, 2002 and again in May 2004 at the Australasian Reporting Awards.

The Telstra Annual Report 2004 provides comprehensive detail on our corporate governance and board practices. To read Telstra's 2003/2004 annual report go to: http://www.telstra.com.au/communications/shareholder/financial_reports.cfm

Our Vision

Telstra – Australia's connection to the future

Mission

To develop, design and deliver communications solutions to every customer

Telstra Values

SERVICE

I will be caring and responsive in the way I provide service to my customers and colleagues.

RESPECT FOR THE INDIVIDUAL

I will treat all people with dignity and respect.

INTEGRITY

I will be honest and ethical in all my dealings with others. Compliance with the law is my minimum standard.

COMMITMENT AND ACCOUNTABILITY

I will do as I say and accept accountability for my actions.

TRUST

I will trust my colleagues and rely on them in order to achieve business success.

LEADERSHIP AND TEAMWORK

I will strive to be a member of a champion team. Being competitive demands my leadership, teamwork and collaboration.

Our Key Priorities for 2003/04

- Terrific People – Great Teamwork
- Innovative Products
- Operational Excellence
- Outstanding Customer Service
- Smart Investments
- Winning in the Marketplace



Our people

Telstra is one of Australia's largest employers. At 30 June 2004, Telstra and its fully-owned subsidiary companies employed 36,159 full-time people and 2,949 part time people in Australia.

For Telstra to succeed, it is essential that we have a skilled workforce which

- is safe
- encourages diversity of thought and capability
- has fair processes
- recognises and rewards the efforts of our people
- provides opportunity to learn and develop.

Over the 2003/04 year, we continued with many initiatives to improve the working environment for Telstra people. Some of these relate to specific commitments made in our first CSR report; many of them are the way we continuously review and improve our working environment. Going forward to 2004/2005, we will continue to focus on getting the basics right.

We seek feedback from all members of staff at least once a year through our Employee Opinion Survey (EOS) and can report a steady improvement in workplace satisfaction over the two 03/04 surveys, from

- 58 per cent favourable in April 2003, to
- 61 per cent favourable in November 2003, to
- 65 per cent favourable in April 2004.

This year we were awarded

- the Australian Human Resources Institute (AHRI) National Award for Excellence in People Management in our sector; and
- the Prime Minister's national Corporation Employer of the Year Award for our leadership and achievement in employing people with a disability.



Safety

Our responsibility is to provide a safe workplace so that nothing we do causes injury or harm to the health of our people or our wider community.

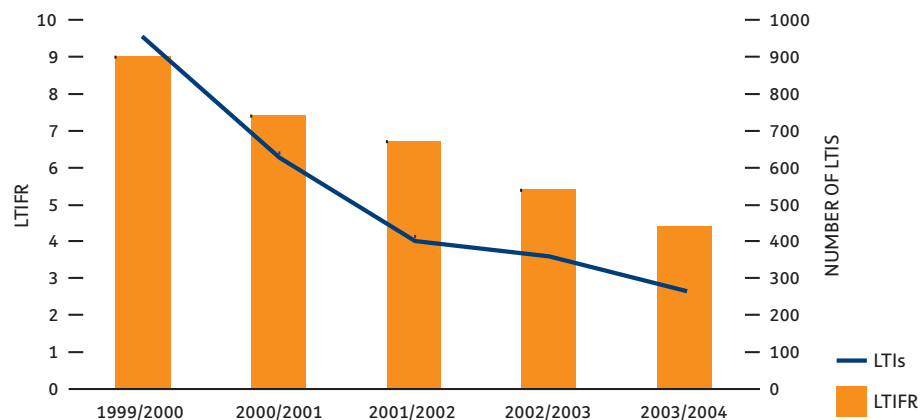
Our staff work across a very wide range of activities from

- answering customer calls,
- travelling thousands of miles to install and repair networks and equipment, to
- working in offices in diverse locations

A priority target for Health and Safety, set in 2002, was to reduce by 40 per cent over 10 years the incidence of injuries to staff which led to absence from work for five or more days.

Over the past year we reduced our Lost Time Injuries from 360 to 265 and reduced the Lost Time Injury Frequency Rate (Lost Time Injuries per million hours worked) to 4.4. See *Lost Time Injuries* graph below to view our progress in injury reduction.

LOST TIME INJURIES (LTI) AND LOST TIME INJURY FREQUENCY RATES (LTI FR) as at end June



LTI: Lost Time Injury where at least one full shift or day is lost from work.
 LTI FR: Number of Lost Time incidents per Million hours Worked (as of 30 June)
 NB: Data for 02/03 different to previously published as it includes Network Design Construction.

In 2003 we committed to

- Conduct 95 external health and safety audits nationally during 2003/04.

Our performance

We conducted 74 national health and safety audits. More than 25 per cent of these were with staff working in more remote areas which required more time than metro or regional audits. As a result, the number of audits was reduced.

Looking forward we will

- Continue to work towards the 40 per cent reduction over 10 years in lost time incidents of five or more days
- Conduct 75 audits nationally
- Continue to monitor Occupational Health and Safety progress throughout the company.

In 2003 we committed to

- Conduct incident investigations that promote an environment where the emphasis is on understanding the cause, not finding fault.

Our performance

We investigated work-related incidents to understand the causes. External audits indicate that managers are improving the timeliness and quality of their investigations in line with objectives.

Looking forward we will

- Continue our safety behaviour program by examining safety culture in our workplaces and raising awareness of safety via an 'Inspiration' series of videos to emphasise the importance of safety both in and outside of work.

In 2003 we committed to

- Remove hazards as soon as they are recognised.

Our performance

Minimised hazards as soon as they were recognised through the Telstra Care Hazard Management Strategy. Our audit scores show that managers are improving their application of the hazard management process.

In 2003 we committed to

- Improve the effectiveness of looking after people who are injured through faster referral to Return to Work providers.

Our performance

Improved the effectiveness of looking after people who are injured through faster referral to Return to Work providers. Managers now commence Return to Work activities two days following injury.

Looking forward we will

- Extend our Employee Well-being program to help staff manage lifestyle factors that affect their health and wellbeing.

In 2003 we committed to

- Continue to report OH&S performance on a monthly basis to the board.

Our performance

Reported performance monthly to the Board Audit Committee.

Looking forward we will

- Improve monitoring of compensation claims management, particularly those claims associated with prolonged rehabilitation.

Fairness

At a minimum, workplace issues should be resolved quickly and fairly. We have an impartial process to raise and resolve issues without risk to our people's personal or professional standing. Our aim is to have all issues resolved without going to a formal process.

Our Employee Opinion Survey is used to seek our people's opinion of Telstra as an employer. Results in the 2003/04 surveys showed that the majority of our people find Telstra a fair place to work. We will continue to use this feedback as the basis for improving this process.

In 2003 we committed to:

- Notify staff and unions of proposed redundancies as soon as these were known in line with our Redundancy Agreement and our Values.

Our performance

All redundancies notified as per our obligations under the Telstra Redundancy Agreement (TRA) 2002 for Award employees and company policy for individual contract and AWA employees.

We also

- Improved our fair treatment process by expanding the role of elected support staff in the process.

Looking forward we will

- Develop an enhanced Career and Life transition program to support employees on individual contract who leave due to retrenchment. The aim is to improve the service to better meet individual needs.
- Provide simple tools for employees and managers to resolve issues.

Choice and flexibility

Choice and flexibility in the way we offer and provide work is important. It assists us to attract and retain the best people, promote employee growth, enable reward and foster employee commitment.

It is vital in developing our human resources strategies that we commit to asking opinion and offering options for the way people want to work.

In 2003 we committed to

- Continue to provide employees with opportunities to purchase Telstra shares through current remuneration arrangements, where appropriate.

Our performance

We offered our people opportunities to purchase shares through

- OwnShare, purchases on a pre-tax basis as part of a remuneration package to eligible employees
- Growthshare – a deferred remuneration long term incentive plan for senior managers, and
- Annual Incentive payments allocated in shares to eligible employees.

MyRewards@Telstra program

- Integrated a number of staff offers under the MyRewards@Telstra program
- Established paid leave for all primary carers
- Developed flexible working arrangements guidelines (job share, part time)
- Introduced flexible work arrangements for eligible field workers, and
- Pre-tax superannuation contributions options for eligible employees.

Looking forward we will

- Continue to offer salary packaging, OwnShare and choice of Incentive allocation of shares.
- Continue to recognise the efforts of our people by introducing more staff options under the My Rewards Program.



Opportunity

Our goal is to build a culture that respects and harnesses the differences that all people bring to life at Telstra and to provide them with opportunity for change, growth and success. This will unleash the creative and innovative capabilities of our people, and help us to appreciate and respond to our wide and unique customer and stakeholder base.

During 2003/04 representation declined for

- women, but representation of women at senior management increased
- aboriginal and islanders
- staff with a disability and
- culturally and linguistically diverse groups.

See the *Diversity chart* on page 12 for a full breakdown of our people compared to the previous year.

The decline was largely due to redundancies, mergers, acquisitions, including the Network Design Construction Group (NCDG), and low recruitment of these diverse groups. To address this, we have put in place:

- the National Indigenous Cadetship Program, and
- staff education programs including cultural awareness training and the *Diversity Creates Opportunities* campaign.

We understand the challenges.

In 2003 we committed to

- Continue to support Harmony Day, highlighting our community's success as a multicultural society.

Our performance

Harmony Day was celebrated in Telstra this year in all Australian states and territories. A range of Harmony Day activities were promoted and assisted through the Telstra Friends volunteer network. See 'Australia's first cyber citizen's' case study on the following page for an overview of the celebration.

Looking forward we will

- Continue to promote and participate in annual Harmony Day celebrations.

In 2003 we committed to

- Employ 50 Aboriginal and Islander trainees through a joint venture with the Department of Employment and Workplace Relations.

Our performance

Four Aboriginal and Islander trainees were employed and three continued on from last year. One cadetship was also offered through the National Indigenous Cadetship Program.

We are continuing our work to meet this commitment by including the trainees still to be hired into our commitment of 150 Aboriginal and Islander trainees over three years from 2003-2006.



Our Diversity Creates Opportunities staff awareness campaign.

Looking forward we will

- Increase indigenous representation by implementing a company-wide Indigenous People's Policy.
- Guided by this policy, work towards our goal of employing 150 Aboriginal & Islander trainees.
- Continue our support of the Indigenous Cadetship program.

In 2003 we committed to:

- Employ 10 paralympic athletes by June 2004, in addition to the six currently employed.

Our performance

We employed two new paralympic athletes, and the six paralympians who continued as employees. The full commitment was not met due to delays in sourcing applicants and the withdrawal of our external recruitment supplier.

We also

- Increased awareness of Indigenous cultures by actively supported National Aboriginal and Islander Day of Celebration (NAIDOC) with a range of workplace activities, a National Dinner and a National Recognition Program.
- Launched *Diversity creates Opportunities*, an equal employment opportunity and diversity staff awareness campaign.
- Telstra Business and Government formalised its Diversity Council, formed in 2003, to focus on five key areas. (See 'Valuing difference to make a difference' case study on page 12):
 - the advancement of women,
 - work/life balance,
 - people with a disability,
 - cultural diversity
 - generational diversity.
- Increased representation of women at senior management level.
- Focused on promoting our mid-level and front line leadership. Our Corporate Leadership and Management Development framework offered 12 programs for front line and middle managers. 1,678 employees attended these programs over the year. Four more programs were available for senior managers.

Looking forward we will

- Increase staff awareness and acceptance of the value of diversity in the workplace through the implementation and measurement of the *Diversity Creates Opportunities* campaign.
- Create an environment in which people flourish by focusing strongly on people management.
- Achieve a more effective leadership system that reinforces the Telstra values through the introduction of the Leadership Mindset program (after the approval of our new Leadership Principles).

CASE STUDY: AUSTRALIA'S FIRST CYBER CITIZENS

Diversity reaches into every part of our community life; Australians speak more than 200 languages and come from an even greater number of cultural backgrounds. Harmony Day provides an opportunity for Australians to get to know each other better by promoting our many qualities as a multicultural society, re-committing ourselves to have respect, goodwill, and understanding for all Australians of every background and saying 'no' to racism.

Australia commenced activities on Harmony Day this year with the first 'cyber citizenship' ceremony.

The historic event saw 43 people from all over Australia travel over Telstra's broadband network to join the Minister for Citizenship and Multicultural Affairs, Gary Hardgrave, in Melbourne's Federation Square. Through Telstra's video conferencing technology they participated in a single ceremony to become Australian citizens. Telstra people across the country took time out to celebrate with them the importance of Harmony Day.

This was a first for Australia and, Telstra is proud to have played a critical role in ensuring that these 43 new Australian citizens from all over our country were able to be welcomed using our technology. This was Telstra's fourth year as a corporate partner for Harmony Day, which is part of the Commonwealth Government's 'Living in Harmony' initiative.

DIVERSITY REPRESENTATION 2003/2004				AGE REPRESENTATION 2003/2004	
	2003/2003	2003/2004	Our programs	2003/2003	2003/2004
Women	31.83%	30.06%	Equal Employment Opportunity	15 to 20 – 0.27%	15 to 20 – 0.46%
Women represented in senior management	18.6%	19.9%	Succeeding in the Telstra Environment – Women @ L4	21 to 25 – 4.78%	21 to 25 – 4.78%
Aboriginal and Islander representation	0.76%	0.64%	National Aboriginal and Islander Employment program	26 to 30 – 11.91%	26 to 30 – 11.13%
Disability	2.57%	2.18%	Disability Awareness staff program; Implementation of the Supported Wage System; specific recruitment activity	31 to 35 – 17.22%	31 to 35 – 16.97%
Culturally and linguistically diverse groups	10.82%	9.41%	Promoting Awareness of Diversity – Harmony Day	36 to 40 – 16.25%	36 to 40 – 16.32%
				41 to 45 – 15.75%	41 to 45 – 16.04%
				46 to 50 – 15.83%	46 to 50 – 15.27%
				51 to 55 – 12.32%	51 to 55 – 12.80%
				56 to 60 – 4.63%	56 to 60 – 5.13%
				61 to 65 – 0.92%	61 to 65 – 0.98%
				66 and over 0.10%	66 and over – 0.1%
				Unknown – 0.02%	Unknown – 0%

CASE STUDY: VALUING DIFFERENCE TO MAKE A DIFFERENCE

Telstra's Business and Government group is making a real difference in fostering a supportive and/or inclusive work culture.

This year, Telstra Desktop Services Solutions Delivery team won the Prime Minister's Employer of the Year Award for training people with disabilities as IT helpdesk consultants through its successful Partnership Training Program with Commonwealth Rehabilitation Services.

The award is just one indicator of the hard work being put in every day by Telstra Business and Government's Diversity Council, set up in early 2003. This Diversity Council aims to productively manage diversity by weaving it into every day work practices, helping to grow business and make Telstra and its workforce more sustainable.

Group Managing Director of Telstra Business and Government and instigator of the Diversity Council, David Thodey, said, "Diversity is not just a nice to have, or about being seen as a good corporate citizen or complying with our EEO responsibilities.

"Diversity is central to achieving our vision and goals and, therefore, growth. Diversity underpins our high performance culture and is a business imperative – it's embedded in everything we do."

Over the past year, the council's project teams worked hard to produce results. Highlights have included:

- establishing quarterly diversity measures and accountabilities;
- increasing the number of women returning from maternity leave (now 93 per cent) and the percentage of workforce working under flexible arrangements;
- setting up parental leave seminars to help parents manage careers, particularly the transition to and from leave;
- running work life balance seminars and offering awards to managers who support the work/life balance needs of their employees;
- launching a Career Development Framework (particularly for women) and beginning the monthly Women @ Work newsletter; and
- recruiting two indigenous cadets and eight indigenous trainees.

Our community

Our communities live and work in every part of Australia and our people are part of communities all over Australia. As a member of the community, we know we can positively affect community life and wellbeing.

In fire, flood and drought, Telstra is there to help. Our ongoing commitment is to:

- Reconnect services in disaster areas as soon as possible without endangering our people and in compliance with emergency services direction.
- Give staff living in fire affected areas time off to protect their homes when disasters strike.
- Continue to provide paid leave for staff who are emergency services volunteers who provide critical services to protect life and property in disaster zones.

Our community involvement and contributions are organised at a corporate, business unit and local level. For example:

- Out in the regions, Telstra Country Wide® people are engaged in a range of activities – attending regional events, running promotions and competitions, supporting charities and undertaking voluntary roles. Read the ‘*Local learning for future community leaders*’ case study on page 21 to learn about one of these initiatives. Telstra Country Wide programs include seminars on how communications products and services can help small business, and teaching computing skills to a range of groups – seniors, rural associations and indigenous communities.
- Our Legal & Office of the Company Secretary team runs a community contribution program designed to give its people leadership opportunities in organising activities that give back to the community and foster team building. This year its activities included tree planting and a tutoring program for migrants.
- Our Finance and Administration team managed Telstra’s contribution to the Corporate Battle of the Bands. This both supported the musical talents of Telstra employees and helped raise \$200,000 for Alzheimer’s Australia.



Volunteering – Telstra Friends

Telstra Friends, our employee volunteer program, has been active since 1993 and is Australia's largest corporate program of registered volunteers.

Telstra Friends has more than 4,000 registered members, including current and former staff, and employs two full-time staff to manage the program.

CASE STUDY: MORE THAN A PICNIC

When it comes to community fundraising activities they don't come much bigger than the 'Teddy Bears' Picnic Day', which Telstra Friends, Telstra's core of staff volunteers, organise annually at the Sydney Super Dome.

The Teddy Bears' Picnic is a long-standing event, which not only provides loads of fun for kids of all ages, but also raises money for The Children's Hospital at Westmead, West Sydney – helping to make sick kids better. Around 10,000 visitors attend the picnic each year. With Telstra Friends' support, the hospital raised more than \$100,000 from this year's Teddy Bears' Picnic.

Telstra Friends' management of the 500 volunteers who come from all over NSW and Australia ensures the day runs smoothly. Around 50 Telstra Friends volunteer on the day with the rest of the volunteers from other companies. One Telstra Friends volunteer, Rebecca Kollman, paid for her own travel from Perth to volunteer on the day. "Its my third time here. It's a great day and a great opportunity to catch up with other Telstra Friends volunteers and contribute to a great cause", said Rebecca

The Telstra Child Flight Helicopter was on display and a line of children queued up for a chance to sit in the pilot's seat while their parents talked to the pilots about the operations of this important service. Telstra also donated "Push to Talk" handsets, which were put to good use for the day by the very busy 'Lost Children's Unit'.

Glen Dixon, Telstra's Senior Account Director for NSW Health said, "the ability for Telstra to go beyond the provision of telecommunication services, such as the ongoing support of the Telstra Friends Volunteer program, is a key component of our relationship with the Westmead Children's Hospital".

Some interesting contributions our Telstra Friends made this year included:

- Clean Up Australia Day – some 2,500 Telstra volunteers made up Australia's biggest corporate team at 80 sites across the country;
- Launched a Telstra Organ Donor staff intranet site – 40 Telstra employees registered this year;
- Raised \$3,000 for the Alannah and Madeleine Foundation selling Telstra's 2003 limited edition Beanie Bear, Wilbur, our brown bear in overalls;
- Helped organise Australia's largest Teddy Bear's picnic – details are captured in the 'More than a picnic' case study on the left.
- At Christmas, Telstra Friends collected gifts for charities all over Australia and were part of the Big Give, which provides Christmas day lunch for disadvantaged and isolated Melburnians.

In 2003 we committed to

- Reaffirm our commitment to Telstra Friends though continuing to provide paid positions to coordinate the volunteer program.

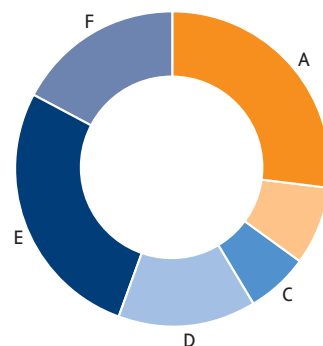
Our performance

Telstra has continued to fund a Telstra Friends management team, which organises and implements activities where Telstra staff, their families and friends can volunteer to contribute to the Australian community.

Looking forward we will

- Encourage greater employee involvement in Telstra Friends by providing opportunities to enable involvement in different ways.

TELSTRA FRIENDS
Breakdown of fundraising 2003/2004



A	MEDICAL RESEARCH	\$50,334
B	HOSPITALS	\$14,745
C	SURF LIFE SAVING	\$11,589
D	TELSTRA CHILD FLIGHT	\$26,482
E	COMMUNITY PROGRAMS	\$50,644
F	VARIOUS OTHER	\$31,595
	TOTAL	\$185,389

In 2003 we committed to

- Continue to provide our people with opportunities to contribute to the wider community.

Our performance

Over the past year Telstra Friends:

- Contributed more than 19,000 hours to community related events.
- Managed events at more than 320 sites for more than 300 community activities
- Raised more than \$185,000 for Australian charities – an increase of almost \$100,000 on the previous year.

Community Sponsorships

Telstra's community sponsorships, partnerships, grants and awards aim to provide real benefit to our communities. They cover health and medical research, rescue and counselling services, and cultural museums.

Our many highlights from 2003/2004 include:

- In February 2004, Telstra and Melbourne's Peter MacCallum Cancer Centre announced a \$1 million partnership to establish Australia's first co-ordinated cancer service for adolescents and young adults – read about this important partnership in the 'Resources for hope' case study on page 16.
- This year, for the first time, the Bangarra Dance Theatre Sydney season was performed at the Opera House. It sold out and ran for nearly four weeks compared to last year's five-night season at the Theatre Royal.
- Telstra Child Flight completed 404 medical retrieval missions in the 2003 calendar year.
- Provided a \$100,000 grant to support the establishment of the Great Barrier Reef Research Foundation.
- Established the Telstra Centre for Burns Reconstruction and Rehabilitation at Royal Perth Hospital in partnership with the WA government
- At this year's Sydney Writers' Festival opening night, we provided a last minute video conferencing solution when the keynote speaker was unable to attend due to ill health and the replacement speaker, English playwright Allan Bennett, was unable to travel to Sydney.



- Provided financial assistance to four students through the Deafness Forum Post-Secondary Educational Scholarships. To see how one of these students has benefited, go to the 'Education for everyone' case study on page 17.
- 40,000 children participated in the Telstra Beach to Bush program, 4,500 students participated in the Telstra School Surf League and \$250,000 was distributed to approximately 100 surf clubs nationally through the Telstra Surf Life Saving Assistance Fund.
- Telstra Country Wide launched the Telstra Road to Tamworth talent search to discover new Australian country music stars and launch a professional career. The initiative grew out of Telstra Country Wide's sponsorship of the Telstra Country Music Festival Tamworth. Telstra Friends' auction at the January 2004 festival raised \$14,500 for the Telstra Child Flight helicopter service.

In 2003 we committed to

- Continue to encourage and recognise business achievement by contributing \$826,000 in award money for the Telstra Business Women's Awards, Telstra Small Business Awards and the Yellow Pages Business Ideas Grant.*

Our Performance

Received a record number of nominations and entries for both Telstra awards programs this year.



Dr Maree Sexton with some of the onTrac@PeterMac patients.

CASE STUDY: RESOURCES FOR HOPE

Telstra is using its resources to help address one of Australia's largest health concerns. This year, Telstra formed a new partnership with Melbourne's Peter MacCallum Cancer Centre. Our partnership's centre-piece program, known as onTrac@PeterMac, aims to support and improve the oncology, treatment, research and care for cancer patients aged between 15 and 30.

onTrac@PeterMac is Australia's first treatment program designed to meet the needs of adolescents and young adults with cancer, aiming to provide vital research answers, and importantly, hope.

Telstra and Peter Mac announced the 3-year \$1 million partnership in February 2004. The program ensures that adolescents and young adults, particularly in rural and regional areas, have access to psychology, educational and social work services provided by professionals who specialise in the needs of this age group.

Program Director and paediatric oncologist, Dr Maree Sexton, said "While children with cancer have access to a full range of oncology services in Victoria and receive excellent medical care, there is no co-ordination of services or review of shared outcomes for adolescents and young adults. Thanks to Telstra's belief in us and their support, the special needs of this age-group are being addressed for the first time in Australia."

As part of our commitment in the fight against cancer, Telstra also supports the Sydney Cancer Centre. Our Sydney Cancer Centre partnership helps facilitate the Telemedicine Outreach Program, which improves access to quality cancer care, information and education for cancer patients and their families in rural Australia.

Looking forward we will

- Continue the Telstra Small Business Awards recognising the achievements of Australia's small businesses in its 12th year.
- Continue the Telstra Business Women's Awards program in their 11th Year to recognise Australian women's exceptional achievement in all professions.

In 2003 we committed to

- Support National Safety Council of Australia with a further \$50,000 for 2003/04.

Our Performance

Committed \$50,000 to the National Safety Council of Australia (NSCA) for the annual NSCA/Telstra National Safety Awards.

Looking forward we will

- Commit \$50,000 to the NSCA for the annual NSCA/Telstra National Safety Awards.

In 2003 we committed to

- Continue to be a leading supporter of the arts in Australia, making it more accessible to the wider community through regional tours and workshops, and webcasting of some performances on the internet.

Our performance

Telstra continues to support the Australian Arts. This year we:

- Celebrated our 20th year of sponsorship of the Australian Ballet. Our funding enables the ballet to continue focusing on its goals by providing long-term financial stability, assists in enabling the Dancers Company to continue expanding their tours of regional Australia and, in partnership with the Australian Ballet, present the Telstra Young Ballet Dancer of the Year Award.
- Continued as principal sponsor of Bangarra Dance Theatre.
- Leading sponsor of the Museum of Contemporary Art. Our sponsorship enables free admission making art accessible to a much wider and diverse audience. In 2003/04, visitors increased by approximately 200 per cent.
- Continued as the Principal Exhibition Sponsor for the Jewish Museum of Australia.

Looking forward we will

Continue to sponsor the:

- Australian Ballet and Young Dancer of the Year award
- Bangarra Dance Theatre
- Jewish Museum of Australia and
- Museum of Contemporary Art.

In 2003 we committed to

- Aim to provide Australians with greater access to their sporting heroes, support community participation in sport and enhance the development of sport in Australia.

Our performance

Continued to support

- Athletics Australia
- Australian Swimming
- Australian Paralympic Committee
- National Rugby League (NRL) and
- Surf Life Saving Australia.

Telstra was the Official Worldwide Telecommunications Partner of Rugby World Cup in 2003. Following this, Telstra announced a grass roots sponsorship agreement with the Australian Rugby Union (ARU), designed to bring rugby to the community. The Telstra TryRugby program was introduced and it saw more than 4,000 children, particularly in regional Australia, introduced to rugby and taught how to play the game.

Looking forward we will

- Continue to run all community programs associated with Surf Life Saving Australia.
- Focus on the NRL's junior rugby league program – Kids 2 Kangaroos. Telstra will become the naming rights sponsor of this program.
- Continue to run Telstra Try Rugby in communities throughout Australia.

In addition we will

Continue to support onTrac @ PeterMac and the Telstra Centre for Burns Reconstruction and Rehabilitation unit at Royal Perth Hospital.

* Note – This report covers the legal entity Telstra Corporation Limited and therefore does not include reference to activities by SENSIS as it did last year.

**CASE STUDY: EDUCATION FOR EVERYONE**

Since they began two years ago, eight students have benefited from Telstra's Deafness Forum Post-Secondary Educational Scholarships which are awarded to students with a hearing impairment or who are deaf. The scholarships provide financial assistance to enhance students' participation in further education.

Hayley Shean, a psychology and philosophy student at the University of Wollongong, was awarded the scholarship in 2004. Hayley has a hearing impairment that reduces her hearing by around 60 per cent, making it challenging to learn in lecture halls. With the help of the scholarship, however, she has overcome many of these challenges. "The scholarship has given me enough funds to purchase everything I need to make uni life easier for me, which might be anything from the costs for photocopying journal articles to exercise books, textbooks and computer software.

"The scholarship has enabled me to focus more on lecture material, knowing I have the opportunity to purchase anything essential for course requirements," said Hayley. Telstra is proud to be associated with the Deafness Forum and proud of the contribution the company and its staff make to the hearing impaired and deaf community. We look forward to extending our support to the Deaflympics in 2005.

Telstra Broadband Fund

The Telstra Broadband Fund was established in February 2002 to stimulate and fast-track the development of new and innovative broadband applications, tools technology and content that will encourage the uptake of broadband in Australia.

The Fund was set up to provide \$10 million in cash grants and up to \$20 million in no-charge international bandwidth allocation. Since it began, projects have been funded to the value of around \$7 million. For an example of this see the 'Bush Babies' case study on page 40.

The Broadband Fund was established using a specifically allocated fund. The fund will not conduct another round of funding applications and grants in 2005. Telstra, however, will continue to use other avenues to support broadband innovation.

In 2003 we committed to

- Allocate up to \$250,000 in cash grants and up to \$250,000 worth of bandwidth allocation per successful applicant for the second round of funding.
- Consider broadband specific content projects for a fund grant in the second funding round.

Our Performance

This year, we funded 12 new projects to the value of \$2.28 million in cash grants – and bandwidth allocations covering digital rights management, telemedicine for neonatal care and online screening for Alzheimer's disease.

We funded content production projects covering joint projects with the Australian Film Corporation / ABC broadband initiative, music, an on-line basketball academy and an on-line teaching tool for sporting coaches.



In 2003 we committed to

- Match contributions by other industry participants to the Fund up to a total of \$15 million over five years.

Our performance

No matching funds were offered by other industry participants.

Telstra LIFE

Telstra LIFE is our national program designed to address community issues related to the everyday use of mobile phones, including EME, etiquette, driver safety and theft.

It aims to protect our customers through education, and enables us to consult with our communities about what's important to them.

ELECTROMAGNETIC EMISSIONS (EME)

Telstra places high importance on effective and responsible management of EME issues. We acknowledge that some people are genuinely concerned about the possible health effects from the EME generated by radio frequency technology and are committed to addressing these concerns responsibly. To read more about this, see the 'Involving the community' case study on page 44. Information about base station visual amenity is in the Environment section of this report.

In 2003 we committed to

- Maintain a comprehensive EME research program, monitor international research developments and provide assistance to other research institutions to advance the body of scientific knowledge on EME.

Our Performance

Assisted with the establishment and launch of the Australian Centre for Radiofrequency Bioeffects Research (ACRBR).

Invested approximately A\$1.5million in EME research through research laboratories and cooperative research programs.

Looking forward we will

- Introduce a new mobile networks education program to address questions about mobile phone base stations, how they work and ensuring their safety in the community.

In 2003 we committed to

- Ensure up-to-date information is available for staff and customers via the internet and intranet to assist their understanding of the issues and public debate.

Our performance

Maintained our EME information site for customers and staff.

Looking forward we will

- Continue to provide ongoing support to community groups utilising Telstra's RF-Map EME software and educational sessions on mobile networks.

In 2003 we committed to

- Comply with the industry code-of-practice (ACIF Code) for base station deployment and operation.

Our performance

Utilised an on-line Australian Communications Industry Forum (ACIF) Code Management System (ACMS) linked to the National Site Archive for monitoring compliance to the ACIF Code. We supply code compliance reports to the Australian Communications Authority on request.

In 2003 we committed to

- Report twice yearly to a Telstra board audit committee on compliance with the code.

Our performance

Reported twice yearly to the Telstra board audit committee on our EME program and compliance on the operation of our 6,300 mobile phone base stations.

In 2003 we committed to

- Operate responsibly in the design, operation and management of mobile phone base stations in order to minimise community impact.

Our Performance

Used the new ACIF Code – Deployment of Radio Communications Infrastructure – to design and operate networks. The Code outlines working practices between carriers, councils and local communities and allows for greater community and local government participation in decisions made by carriers when they plan and install mobile phone base stations.

In 2003 we committed to

- Comply with strict internal procedures to ensure all of our base stations and radio transmitting facilities are designed to meet the relevant guidelines and standards.

Our Performance

- Conducted a review of our internal EME compliance processes. Introduced new OH&S standards to ensure compliance with the new Australian EME standard;
- Consulted our communities about the design, operation and management of our base stations

In 2003 we committed to

- Make publicly available and publish online our base station and radio transmitting facility EME Compliance Certificates.

Our Performance

Introduced on-line publication of Environmental EME reports for mobile telephone base stations through the Mobile Carriers Forum (MCF) National Site Archive www.rfnsa.com.au. We published 1,140 Environmental EME reports for new or upgraded base stations on this site.

Looking forward we will

- Continue with our key commitments initiated in 2003.

For more information about EME and Telstra's mobile technology, visit:

<http://www.telstra.com.au/ememanagement/index.htm>

LOST AND STOLEN HANDSETS/DRIVER SAFETY/ETIQUETTE**In 2003 we committed to**

- Work closely with the mobile industry on an industry-wide solution, costed at \$7 million, to ensure reported handsets are blocked from all Australian GSM networks.

Our Performance

We collaborated with the Australian Mobile Telecommunications Association (AMTA) and all mobile phone carriers to implement the IMEI (serial number) blocking process across all mobile phone carriers, making a lost or stolen GSM mobile phone virtually useless.

The program was launched in September 2003. Since the scheme's inception in August 2002 to June 2004, we blocked 100,243 phones.

In 2003 we committed to

- Continue to educate our customers and employees on preventing mobile phone theft through our Telstra Shop staff, awareness brochures and website.

Our Performance

Maintained our education program about IMEI blocking.

We also

Trialled a new handset recovery process with the Victorian Police. The results of the trial will be shared with carriers and law enforcement agencies to encourage a uniform approach to recovering lost and stolen mobile phones.

In 2003 we committed to

- Continue to raise awareness through public education and media activities including: a community service television advertisement, education brochure available in all Telstra Shops, through our website and customer service staff.

Our Performance

Raised driver safety awareness through community service radio announcements throughout the year. Awareness of the dangers of using hand held mobile phones while driving has doubled in the three years since our campaign launch.

In 2003 we committed to

- Continue to monitor the latest scientific research into driver distraction and contribute data, where appropriate.

Our Performance

Identified that users considered that SMS had become a major distraction for younger drivers through our annual National Drive Safe Phone Safe Survey.

In 2003 we committed to

- Continue to partner with key stakeholders and the mobile phone industry to raise awareness.

Our performance

Re-focused our Drive Safe Phone Safe campaign with the endorsement of the Victorian Police and Victorian Transport Accident Commission.

In 2003 we committed to

- Educate and guide our customers to establish acceptable behaviours with new wireless technology through our Telstra Shop staff, awareness brochures and website.

Our performance

- Continued our education program about acceptable behaviours for mobile phones through our Telstra Shop staff, awareness brochures and website.
- Engaged assistance from etiquette expert Miss June Dally-Watkins to remind text message users on Valentines Day of simple guides for sending SMS.
- Provided "Mind Your Mobile Manners" posters to students of Miss Watkins' department programs.

Looking forward we will

- Continue to work with the AMTA and other industry bodies to address mobile phone issues as they arise.
- Maintain our efforts to educate communities and customers about mobile phone issues and raise awareness of how they can become involved.
- Continue to monitor the latest scientific research and contribute data where appropriate.

For more information about the Telstra LIFE program, visit <http://www.telstra.com.au/mobile/life/technology/index.htm>



CASE STUDY: LOCAL LEARNING FOR FUTURE COMMUNITY LEADERS

Telstra is working in the local community to help school-leavers transition from school to employment.

Throughout the year, Telstra was closely involved with the 500-member Frankston Mornington Peninsula Local Learning and Employment Network (LLEN). This is part of a Victorian state government initiative which, with partner organisations and individuals, works to increase education, employment and training opportunities for all young people in the region. More than 700 new school-based apprenticeships were created in 2003/2004.

Telstra Country Wide Peninsula Area General Manager, Richard Butler, is chairperson of the Frankston Mornington Peninsula LLEN. Through Richard, Telstra is part of a group of local business stakeholders that helps advise the Peninsula network group on customising programs to close the gap between school and employment. It also provides sponsorship of prizes worth \$1500 for the Peninsula Vocational and Educational Training Awards.

"The LLEN provides a way for Telstra to be involved in the community and contribute the skills and resources we have at hand," said Richard Butler, who gives around 15 hours a week to the program and presides over six board meetings a year.

"We can facilitate the introduction of employers to apprenticeships and with LLEN training programs use the combined Peninsula community resources to benefit those who will one day manage our community. Our people regularly speak about the program at schools, meetings and local businesses," he said. The Frankston Mornington Peninsula LLEN received two awards at the 2003/2004 Victorian State Training Awards.

Telstra Foundation

Making a positive and lasting difference to the lives of Australia's children and young people.

In April 2002, Telstra established the Telstra Foundation – a grants program devoted to enriching the lives of Australian children and young people and the communities in which they live.

In 2003/04, the Foundation provided around \$4.3 million in grants to 792 not-for-profit community groups. The Telstra Foundation has two programs to support children in their communities: the *Community Development Fund* and the *Telstra's Kids Fund*.

Projects funded this year included an early intervention program for young expectant mothers who have mental health or addiction problems, *Strong and Smart* digital technology learning for Indigenous children, the *Fresh Kids* healthy eating program and the *Developing Communication Networks* newsletter, website and DVD for students, parents and teachers across Australia.

In 2003 we committed to

- Provide \$3.6 million in grants through the Community Development Fund for 2003/2004.

Our performance

Provided \$3.63 m to 102 organisations through the Community Development Fund.

Looking forward we will

- Through the Telstra Foundation, consolidate our support of programs, which are making a positive and lasting difference to the lives of Australian children and young people.

In 2003 we committed to

- Provide \$750,000 in grants through the Telstra's Kids Fund.

Our performance

Provided \$675,065 through the Telstra's Kids Fund. This figure was less than predicted due to a drop in the number of applications.

In 2003 we committed to

- Continue to build a body of knowledge and focus our support on a select number of significant issues impacting our children and young people.

Our Performance

Met with community groups and networks working to address significant issues affecting the health and wellbeing of children and young people, to ensure that its programs are relevant and meeting real need.

Commenced an external evaluation of funded projects with the Australian Institute of Family Studies, to ensure that our funding is making a difference and that knowledge is shared.

In 2003 we committed to

- Endeavour to provide grants with a more even geographic distribution, encouraging applications from across Australia.

Our Performance

Approximately one third of projects supported rural and regional areas.

For information about the Telstra Foundation visit www.telstrafoundation.com

Our environment

Good environmental performance and commercial competitiveness are not mutually exclusive. We have a responsibility to think innovatively and carefully about how we manage and minimise our impact on the environment.

Our key environmental issues are:

- resource use, such as energy, water, cable and materials;
- greenhouse gas emissions from our energy use, vehicle fleet, business travel and waste to landfill;
- waste management;
- environmental considerations in the procurement of materials and goods; and
- construction and maintenance activities in the field resulting in local impacts on visual amenity and waste generation.

We did not make commitments in all these areas in last year's CSR report and full details about our environmental practices and progress can be found in our Public Environment Report 2004 at <http://www.telstra.com.au/environment/report.htm>. Here, we give an overview of our environmental progress this year and make commitments for the 04/05 year.

This year, Telstra achieved the highest environmental performance of Australia's top 50 listed companies, and rated second overall, in the Corp Rate Project 2004, run by the Australian Consumers' Association (ACA), Oxfam Community Aid Abroad (Oxfam) and the Australian Conservation Foundation (ACF).

Emissions

Air emissions resulting from Telstra's activities include: greenhouse gas emissions from energy use and disposal of waste to landfill; ozone depleting substances from air conditioners; and other emissions from vehicles, standby diesel generators at exchanges and solvents.

Please refer to Telstra LIFE in the Community section for information about electromagnetic emissions.



OUR GREENHOUSE GAS SOURCES, EMISSIONS AND EFFICIENCY MEASURE

Source of Greenhouse Emission	Quantity	Greenhouse Emissions (tonnes CO ₂ e ^{**})	Efficiency Measure (tonnes CO ₂ e service in operation) [†]
Electricity	4,630,853 GJ	1,446,056 tonnes CO ₂ e	
Fuel (LPG, petrol, diesel)	1,928,308 GJ	138,703 tonnes CO ₂ e	
Total energy use	6,559,161 GJ	1,584,759 tonnes CO ₂ e	
General Waste*	15,182 tonnes	18,283 tonnes CO ₂ e	
Total	N/A	1,603,042 tonnes CO ₂ e	0.079 tonnes CO ₂ e

There is no set industry standard for the Telecommunications industry to measure the efficient use and management of Greenhouse Gas emissions. This year we adopted a measure of tones of CO₂e^{**} per service in operation and will continue to report against this going forward.

* General waste to landfill only. Does not include wastewater, special wastes or recyclables that do not decompose to produce greenhouse gases.

** tonnes CO₂e = tonnes of carbon dioxide equivalent, a standard measure for expressing greenhouse gas emissions.

† Services in operation includes basic access lines in service, ISDN access lines, mobiles services and FOXTEL subscribers.

Our performance

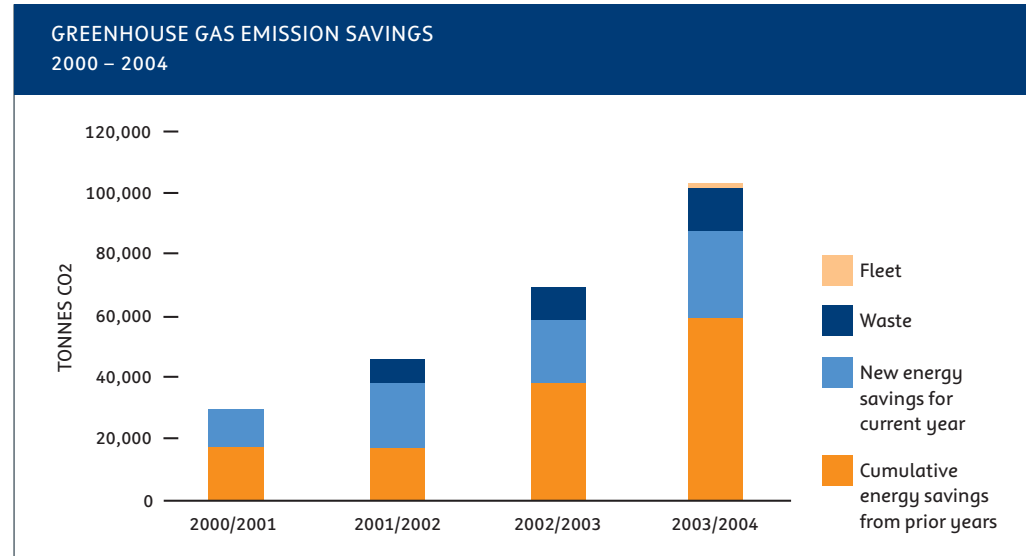
- Our greenhouse emissions increased to 1,603,042 tonnes CO₂ equivalent in 2003/04. The increase of 90,478 tonnes CO₂ mainly came from increased energy use from business growth, which required expanding our network including:
 - Installing additional ADSL ports (483,000 in total for the year)
 - Installing additional air-conditioning and Uninterruptible Power Supply (UPS) systems in our internet data centres to support increased growth
 - Installing additional mobile phone sites.
- Part of these greenhouse gas emissions savings included 14,711 tonnes CO₂ equivalent by recycling waste instead of sending it to landfill;
- Programs set up in previous years continue to deliver savings today. Our efficient lighting system, for example, provided a 58,785 tonnes CO₂ equivalent saving over the year. See the 'Greenhouse Gas Emissions Savings' chart on the right to view our progress.

This year, we were finalists in the Greenhouse Challenge Awards. We achieved an 8 per cent emissions saving from the 1999/2000 baseline set by the Greenhouse Challenge. You can view our Greenhouse Challenge progress at http://www.greenhouse.gov.au/cgi-bin/challenge/dbsearch.pl?page=agree_detail;aid=1546

For a full explanation of Telstra's greenhouse program, go to our Public Environment Report 2004 at www.telstra.com.au/environment/report

GREENHOUSE SAVINGS

Our increase in emissions have been kept to a minimum due to actions to reduce our greenhouse emissions. Our actual savings due to new initiatives carried out during 2003/04 were 47,321 tonnes CO₂ equivalent. Ongoing savings from previous years, such as more efficient lighting system that continue to deliver savings in subsequent years, totalled 58,785 tonnes CO₂ equivalent.



Resource use and recycling

Most of our waste is generated from our infrastructure and office activities and its disposal is a big part of our environment program.

In 2003 we committed to

- Facilitate mobile handset and battery recycling through
 - brochures;
 - our website; and
 - working with dealers and customers.

Our Performance

We actively involved our Telstra Shops and dealer partners in the Australian Mobile Telecommunications Association (AMTA) Mobile Phone Recycling Program by

- providing collection bins, and
- in-store materials promoting recycling of mobiles.

In 2003/04, the AMTA program recycled approximately 900,000 batteries and 400,000 handsets.

Looking forward we will

- Work with AMTA members to develop a new operational plan and strategic framework for the recycling program. The plan will include a new funding model and details around community education campaigns.

In 2003 we committed to

- Progressively introduce mobile handset recycling bins to the shop-front offices in all 35 Telstra Country Wide regional offices by end 2003.

Our Performance

Mobile handset recycling bins provided to all Telstra Licensed Shops but not to regional offices due to supply delays.



Baulkham Hills Shire Council supports any recycling programs that reduce hazardous waste going into landfill.

Looking forward we will

- Provide bins into Telstra Country Wide offices over the 2004/05 year.

In 2003 we committed to

- Commence recycling water of suitable quality from our pits and manholes for irrigation purposes (eg. for sporting reserves).

Our Performance

An estimated 2.2 million litres of water was pumped out of Telstra pits and recycled for use through our pilot wastewater project. See the case study 'From pit to park' on page 26.

Looking forward we will

- Review the pilot. Develop and introduce program progressively to other states in line with review findings.

In 2003 we committed to

- Reduce our use of office paper and energy through the Green Office Program.

Our Performance

The Green Office program was introduced in August 2003. Annual office paper usage reduced from 383,000 to 353,112 reams, a reduction per staff member from 10.3 in 2002/03 to 9.5 reams in 2003/04. See the 'Green Office' case study on page 28.

Looking forward we will

- Continue to reduce the environmental impacts resulting from office activities through the Green Office Program.

We also

- Implemented new reporting mechanisms to include previously unrecorded data, such as scrap metal and pit water. These showed we recycled 31,307 tonnes, or 41 per cent, of our total waste, compared to the 21 per cent recorded and reported last year (11,134 tonnes in 2002/03).
- Doubled the amount of mixed office paper being recycled, from 1,824 tonnes to 2,712 tonnes. See 'Waste data' chart below for a breakdown of our waste recycled;
- Trained 16,263 employees, or 41 per cent of full- and part-time staff, about the Green Office program;
- Encouraged 87,000 of our 1.7 million shareholders to register with e-Tree this year. By signing up to the scheme our shareholders elect to receive their communications electronically, saving paper and preserving the environment Telstra donated \$125,000 in 2003/04 to Landcare as part of this scheme.



Saving water: (L-r) former Port Phillip mayor, Liz Johnstone, Paul Baulch and David Maple of Barry Brothers.

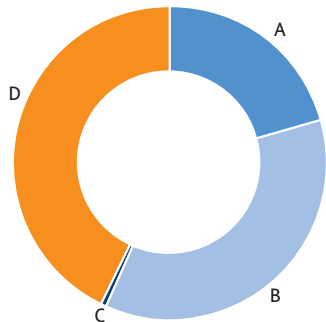
**CASE STUDY: FROM PIT TO PARK
– A COMMUNITY ENVIRONMENTAL SOLUTION**

An estimated 2.2 million litres of water was pumped out of Telstra pits and recycled for use in 2003/04 thanks to a new pilot wastewater project. Through the project parks and sports fields in Melbourne's City of Port Phillip are watered with Telstra's pit water. The water is taken from the pits and, instead of going to a water treatment plant, collected, cleaned and distributed, benefiting the environment and the City of Port Phillip residents.

Port Phillip Council, waste management company Barry Brothers Specialised Services, CitiPower, South East Water and Telstra have joined together to develop this environmental management venture. Recycling water is a smart use of this precious resource. Pumping out pits to remove excess water also ensures safe access to the underground network, safety for Telstra communications technicians and protection of our customers' services.

Barry Brothers Specialised Services also operates in New South Wales and Queensland, where Telstra plans to adopt this recycling program on a wider scale if the pilot is successful.

**TELSTRA'S WASTE DATA (TONNES)
2003/2004**



A	GENERAL WASTE	15,182 TONNES
B	WATER FROM PITS	26,568 TONNES
C	SPECIAL DISPOSAL*	208 TONNES
D	ALL RECYCLABLES**	31,307 TONNES
TOTAL		73,265 TONNES

*Wastes requiring special treatment or disposal eg asbestos, PCBs, medical waste etc
** Paper, cardboard, commingled bottles, cans etc, metal, cable, phone batteries, pit water

Transport

While telecommunication services easily overcome Australia's huge distances, travel and transport still remain essential for our staff to provide our business services locally, nationally and globally.

Telstra has one of the largest corporate vehicle fleets in Australia, made up of more than 17,800 vehicles and other machinery such as excavators.

Our Performance

We used approximately 54.4 million litres of fuel (LPG, petrol and diesel). Vehicle use, produced 136,117 tonnes CO₂ equivalent in greenhouse gas emissions, compared to 146,890 tonnes last year, a reduction of 10,773 tonnes in CO₂ equivalent emissions. This equates to 7.647 tonnes of CO₂ equivalent emissions per vehicle.

Looking forward we will

- Aim to reduce our greenhouse gas emissions per vehicle every year.

Our Performance

The Greenfleet program plants trees on Telstra's behalf to offset greenhouse gas emissions from fleet use. Telstra 'salary sacrifice' driver employees elect to pay an annual fee to offset the environmental impact of their cars' greenhouse gas emissions. Through this program we offset the equivalent of 22,796 tonnes CO₂e.

Looking forward we will

- Continue to sign up employee vehicles leased through Telstra to the Greenfleet program.



Land use and planning

Telstra's activities cover all corners of Australia and our network is built into rural, regional and urban landscapes.

We carefully plan network construction and maintenance activities through our environmental planning process, which we use to analyse and manage potential impacts including

- flora and fauna
- cultural heritage
- visual amenity
- water and air quality and
- geology and soils.

ENVIRONMENTAL INCIDENTS – INCIDENT MANAGEMENT PROCESS

Over 2003/04 we progressed the integration of our environmental incident reporting with health and safety reporting, to provide Telstra with a more robust system to monitor and address our health, safety and environmental incidents.

This year, one incident occurred where the Tasmanian Department of Primary Industries, Water and Environment raised concerns in relation to activities undertaken by contractors on behalf of Telstra. In the incident, trench work carried out to lay telecommunication cable on a roadside verge in Sorell, Tasmania resulted in damage to threatened species of grass. The Department of Primary Industries, Water and Environment are currently investigating this matter and we are working cooperatively with the Department.

A full explanation of our land use and planning procedures is in the Public Environment Report at www.telstra.com.au/environment/report

In 2003 we committed to

- Work with communities to minimise the visual impact of base station sites by placing them on existing structures, site sharing with other mobile phone operators and otherwise designing them to blend in with the surroundings, wherever possible.

Our Performance

This year we installed 976 facilities nationally. 712 of these were new facilities. All installations complied with Telstra's obligations under law and the ACIF Deployment of Radiocommunications Infrastructure Code.

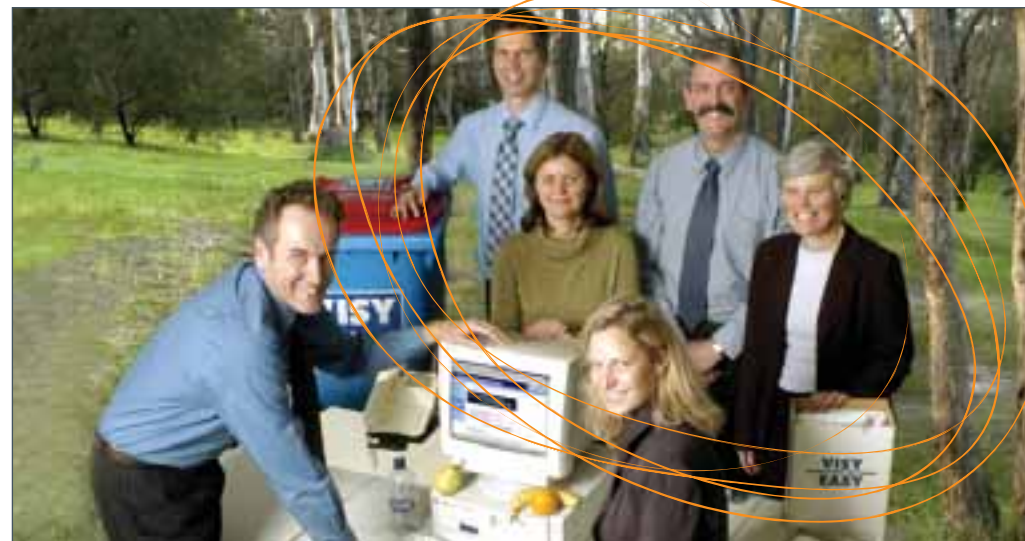
We continued to reduce visual impact through design solutions which

- minimise the height of the structures
- screen or colour match the antennas or
- disguise the facility as a familiar object, such as a tree.

Some facilities remain prominent. Not all have the structural capacity to house discrete screening solutions, but are used because the community considers them more acceptable than a new freestanding tower.

Looking forward we will

- Increase the percentage of facilities installed and ensure all are in line with the ACIF code.
- Amend our co-location processes to further help other carriers develop their networks with reduced requirement for new towers and poles.



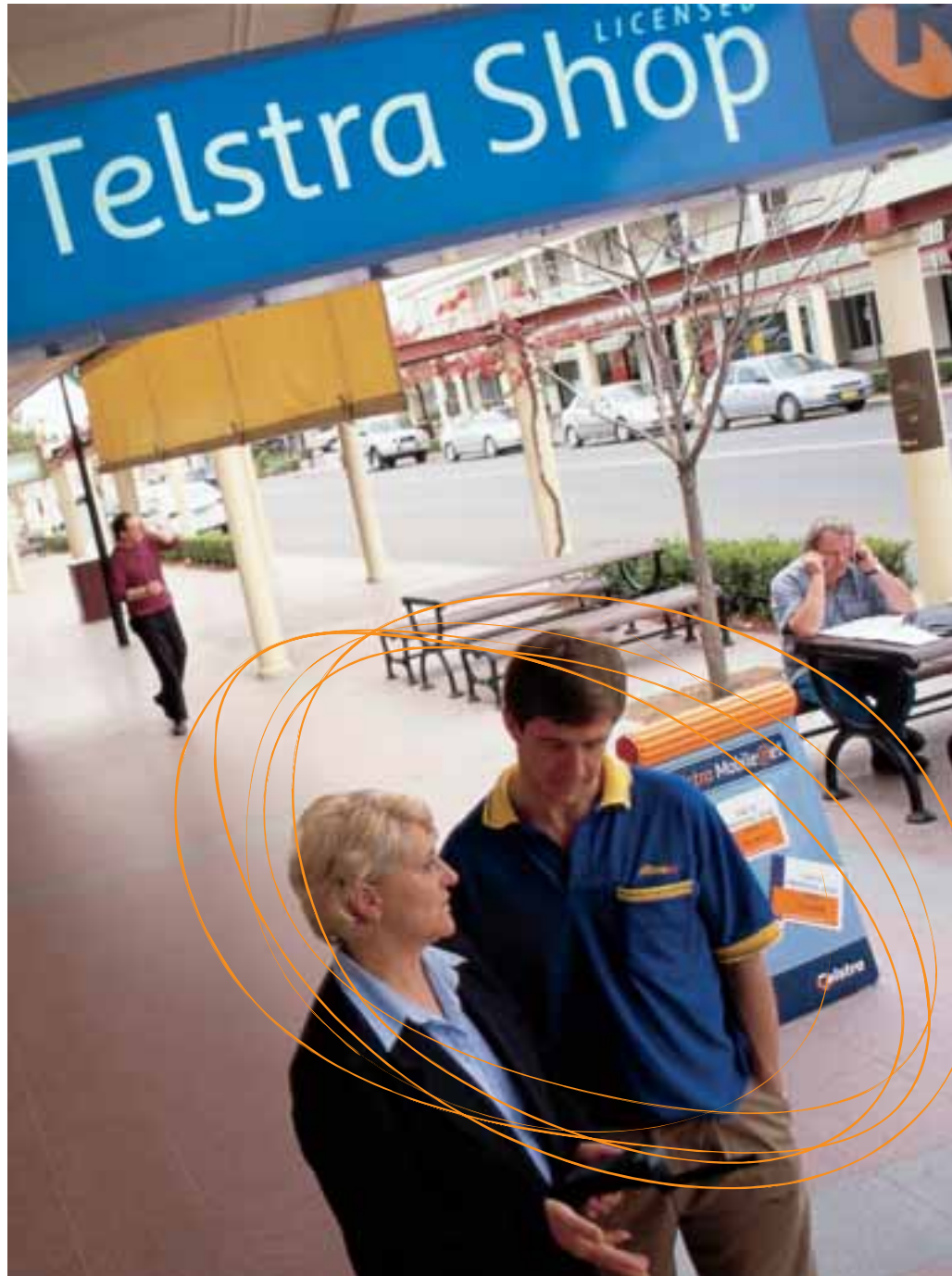
CASE STUDY: SAVING RESOURCES IN THE GREEN OFFICE

In August 2003, we launched the Green Office Program nationally to tackle the environmental impact of everyday activities undertaken by Telstra people in offices around the country. The success of the Green Office Program is demonstrated by the enthusiastic commitment of our people, who are now doing simple things every day to make a difference to the environment.

One of the initiatives introduced under the Green office program is the collection and recycling of Telstra's used print cartridges, toner bottles and other print consumables through the Cartridges 4 Planet Ark program. Staff who have home computer printers are also encouraged to recycle personal inkjet cartridges and other print consumable items through the program. The cartridges and other print consumables are broken down into their base components for total re-use – none of the waste goes to landfill.

Other highlights from our first year of the Green Office Program include:

- Registration of over 150 office Green Team representatives
- A company-wide campaign encouraging all of our people to "Embrace the Green Office"
- A significant increase in participation rates for all types of recycling
- Inclusion of the Green Office Program in Telstra's Health, Safety and Environment Generic Office Plan used by all lines of office based businesses in Telstra.



Our customers

We have a responsibility to provide access to telecommunications for every Australian. Over the last 10 years, customers have enjoyed greater choice, cheaper prices and better service. We recognise that we need to get our customer service right. Exceptional Customer Service was a key priority for us in 2003/2004.

For us, this includes:

- Reviewing and reporting on our performance
- Ensuring affordability of our products and services
- Providing accessibility to our products and services
- Ensuring the privacy of our customers' information
- Developing relevant new products and services and
- Priority assistance to help residential customers who have (or someone living at their home who has) a diagnosed life-threatening medical condition and whose life maybe at risk without access to a fully operational phone service.

Customer Service Charter

The Customer Service Charter contains our voluntary commitment and obligations to our residential and small business customers.

We annually review the commitments in the Charter to ensure that they remain up-to-date and reflect changing customer expectations of service levels. We annually report on how we have met the commitments contained in our Customer Service Charter.

The Charter Performance Review, reports in the past year we:

- introduced new and improved features for the traditional home phone;
- introduced improved flexible pricing plans to give our customers more options to choose what best suits their personal and business needs; and
- continued to improve our installation and fault restoration levels, which have risen dramatically over the last few years. Six years ago we repaired 66 per cent of urban faults on time. We now regularly achieve 90 per cent and above, and we remain committed to further improvements in our performance.

New commitments in the 2004 Customer Service Charter include:

- continuing to develop products that meet the specific needs of Remote Indigenous Communities;
- providing information in plain language to enable customers to make an informed purchasing decision; and
- providing a range of easily accessible bill payment methods which allow the customer to be in control of their payment.

You can see this year's Charter and Charter Performance Review at <http://www.telstra.com.au/charter>

In 2003 we committed to

- Revise the Customer Service Charter each year so that our commitments remain relevant to our customers and reflect our business changes.

Our Performance

The updated and independently reviewed customer service charter was published in October 2004.

Looking forward we will

- Continue to monitor and report on our performance to meet our commitments, report where we have not met a commitment and comment on the areas that need improvement.

In 2003 we committed to

- Review and publicly report on our performance against the Charter each year so that areas for improvement can be identified.

Our Performance

The Customer Service Charter Performance Review 2004 is available at <http://www.telstra.com.au/charter>



The Telstra Customer Service Charter commits us to providing services that meet the needs of our customers.

In 2003 we committed to

- Ensure the Customer Service Charter Performance Review is independently reviewed.

Our Performance

The 2003/2004 Charter Performance Review was independently reviewed by the Communication Research Institute of Australia (CRIA). Their report is included in the Charter Performance Review.

Looking forward we will

- Ensure the Customer Service Charter Performance Review is independently reviewed.

Accessibility

According to the ABS 2003 Survey of Disability, Ageing and Carers, around four million Australians have a disability that can make using standard telephone equipment difficult.

Every year we work towards making our products, services and information more accessible for our diverse customer base. This includes providing:

- specialised equipment
- information and bills in a range of accessible formats on request.

Our accessibility strategy is renewed and reviewed every three years in our *Disability Action Plan* at www.telstra.com.au/disability

In 2003 we committed to

- Continue to install TTY payphones around Australia in consultation with the deaf and hard of hearing community.

Our Performance

Continued to work with organisations representing people who are deaf or have a hearing impairment to identify new teletype (TTY) payphone locations and review existing locations to ensure we meet their requirements.

Looking forward we will

- Ensure an independent review of our third three-year Disability Action Plan 2002/04 at the end of 2004.
- Improve access to our products and services including payphones, directory assistance, mobiles, Telstra Shops and billing.

In 2003 we committed to

- Enhance disability awareness among management and staff through online training, regular bulletins and alerts via our internal database of equipment and services.

Our Performance

- Trained 8,000 staff in disability awareness – more than 20,000 staff have completed this program since its introduction.
- Regularly informed managers and staff about disability programs and initiatives.

Looking forward we will

- Continue to improve disability awareness among management and staff.

In 2003 we committed to

- Improve access to information for people with a disability through online and alternative formats (eg. large print and Braille).

Our Performance

Made the Telstra Disability Services web site more user accessible, especially for customers who use assistive technologies, such as screen readers. Issued more than 1,400 Braille bills and around 7,500 large print bills.

Looking forward we will

- Improve access to information for people with a disability through on-line and alternative formats, such as large print or Braille.

In 2003 we committed to

- Continue community consultation programs such as Telstra's Disability Forum and Disability Equipment Program Consumer Advisory Group to ensure services and products continue to be of value to our customers.

Our Performance

Telstra's Disability Forum and Disability Equipment Program Consumer Advisory Group met twice this year.



We continued to work with organisations representing the deaf or hearing impaired to identify new TTY payphone locations and review existing locations.

We also

- Set up a disability Payphones Working Group to develop a draft payphone access industry code
- Continued to raise awareness about our services with our stakeholders and wider public.

Looking forward we will

- Continue our community consultation program.

We also

- Supplied more than 13,000 items of specialised equipment under the Disability Equipment Program for the same charge as standard equipment.
- Undertook a detailed, qualitative investigation of older people's use of telecommunications products through the Telstra Centre for Accessibility.
- Answered more than 325,000 enquiries to our Directory Assistance Helpline from customers unable to use or hold a printed directory and unable to use the standard directory assistance service, and around 84,000 voice and 4,800 TTY calls on our Disability Enquiry Hotline.
- Signed up as the official senior games partner to the Melbourne 2005 20th Deaflympic Games to be held from January 5th to January 16th 2005.
- Provided funding to Deakin University to support research into ADSL based video conferencing technology as an alternative means of communication for deaf people in business, and Regency Park Engineering for research into accessible mobile solutions for people with severe physical disability.

Affordability

We are responsible for providing access to telecommunications services to Australians on low incomes. We have provided more than \$160 million in benefits annually through our Access for Everyone package, which was launched in 2002.

Access for Everyone is developed in consultation with the Low Income Measures Assessment Committee (LIMAC), an independent committee comprising representatives from community welfare agencies and the Commonwealth Department of Family & Community Services.

In 2003 we committed to

- Continue to work closely with the Low Income Measures Assessment Committee to ensure the Access for Everyone package is effective in meeting changing telecommunications needs.

Our Performance

We held formal meetings with LIMAC every two months, consulted with the LIMAC about proposed changes to programs in the package and our marketing and communication activities in relation to the package.

Looking forward we will

- Improve our Access for Everyone programs, in consultation with LIMAC, to ensure the communications needs of low-income Australians are met.
- Introduce Bill Smoothing in 2005 (a regular payment option for people on fixed or low incomes).

In 2003 we committed to

- Undertake further research to measure the impact of the package on affordability of telecommunications services.

Our Performance

Conducted research on behalf of LIMAC to measure:

- Low-income Australians' access to telecommunications services against the 2002 benchmark survey and
- The difference in affordability for those on a low income and those on a slightly higher income.

Looking forward we will

- Implement an Access for Everyone awareness campaign, with focus on the homeless and Indigenous sectors.
- Continue to partner with community agencies to promote Access for Everyone programs and distribute MessageBox cards and Telstra Bill Assistance Certificates.

In 2003 we committed to

- Produce a report annually on the effectiveness of the concessionary package.

Our Performance

LIMAC submitted its first annual report to the Minister for Communications, Information Technology and the Arts, which is publicly available at http://www.telstra.com.au/accessforeveryone/docs/limac_report.pdf

Looking forward we will

- Produce a report annually on the effectiveness of the concessionary package.

This year we also

- Increased distribution of our MessageBox cards, which provide a communications option for people who are homeless or transient. At end of June 2004, 569 community agencies were distributing the cards. See the 'Australia-wide Messaging' case study on page 34 for more about MessageBox
- Assisted more than 3000 customers per month through the Telstra Bill Assistance Program, which supplies \$5 million in \$25 Bill Assistance Certificates
- Provided a monthly concession to over 1 million eligible pensioner customers
- Introduced Centrepay, for Centrelink customers to pay a regular amount in advance towards their Telstra bill. We received almost 150,000 payments through Centrepay and
- Doubled the take-up of the HomeLine™ Budget phone plan. HomeLine™ Budget is for residential customers with one fixed line service who make few calls, including low-income families and aged pensioners.

For information about Telstra's Access for Everyone package, go to <http://www.telstra.com.au/accessforeveryone/index.htm>

The MessageBox Program provides access to a personal messaging service via a MessageBox card number.



CASE STUDY: AUSTRALIA-WIDE MESSAGING

As part of Telstra's commitment to ensuring all Australians have reasonable access to telecommunication services, Telstra introduced and funded the Telstra MessageBox Program in December 2002.

The MessageBox Program provides access to a personal messaging service via a MessageBox card number. Users can receive voice messages from family, carers, potential employees and friends wherever they are in Australia by dialling a special 1800 number for no charge from any Telstra operated public payphone and most Telstra fixed phones.

The program has assisted in many different ways. For example:

- Seasonal workers in regional and rural areas have kept up to date with early harvest work by receiving messages from employment agencies.
- Employment agencies are able to keep in touch with prospective employees for interviews, training programs and new employment positions being listed.
- Emergency relief centres for housing and employment hardship have found the service of great benefit for their clients, particularly for those who require medical assistance.
- Agencies working with the homeless have found the program of great benefit as they are able to contact those looking for permanent housing without the need to wait for their clients to return or actively go searching for them.

Telstra is working directly with welfare agencies nationally to distribute this service to their clients. Agency and client feedback to date on the benefits of the service has been outstanding.

Privacy

Privacy is more than a legislative requirement. It is a critical issue for building and maintaining customer trust in us and confidence in our products and services.

Due to the amount of information we hold about people, we take our customer and employee privacy very seriously.

As a major international carrier, we are committed to the protection of personal privacy and have adopted a set of privacy principles based on both our legal obligations and generally accepted international privacy standards.

The Telstra Privacy Protection Policy sets out Telstra's principles for protecting information about individuals.

In 2003 we committed to

- Continue to assess and improve the effectiveness of our privacy compliance arrangements (eg. develop further IT solutions to enhance privacy of customer information).

Our Performance

Implemented 35 out of 42 improvement measures recommended by the 2004 Privacy Audit and introduced initiatives including

- A Security Privacy Rectification project
- A revised Privacy Awareness Course
- A new Privacy Risk Assessment Process and
- A team of privacy managers from each business unit.

Looking forward we will

- Continue to protect our customers' personal information (including phone calls and other communications) from misuse, loss or unauthorised access, modification or disclosure.



In 2003 we committed to

- All staff will be receiving further privacy awareness training and specialised privacy training where necessary.

Our Performance

Launched updated mandatory privacy awareness training in March 2004 for all of our people, and provided specialised privacy training where necessary.

Looking forward we will

- Continue to put all staff through updated mandatory training. Continue to provide customers with access to their personal information and take reasonable steps to keep all details accurate and up-to-date.

In 2003 we committed to

- Continue to conduct privacy impact assessments for all new services and systems.

Our Performance

Conducted 147 privacy impact assessments for new services and systems.

Looking forward we will

- Have our performance in relation to privacy independently audited annually and fully comply with all relevant privacy legislation.

Inclusion

Ensuring we reach all of our customers in a way that is meaningful for them is important.

For us this means:

- Developing local solutions
- Communicating effectively and
- Finding ways to include all of our customers in new technologies.

CUSTOMER SERVICE

Our Performance

Revised the Telstra Standard Form of Agreement (terms and conditions) to make it easier for customers to understand. We now call this Our Customer Terms.

Looking forward we will

- Use the new customer terms format for all new terms and conditions and update our materials.

Our Performance

Introduced Telstra's Business Service Commitments for business and government customers.

Looking forward we will

- We will pilot this program in South Australia in November 2004 and roll it out Australia-wide soon after on the basis of the pilot results.

Our performance

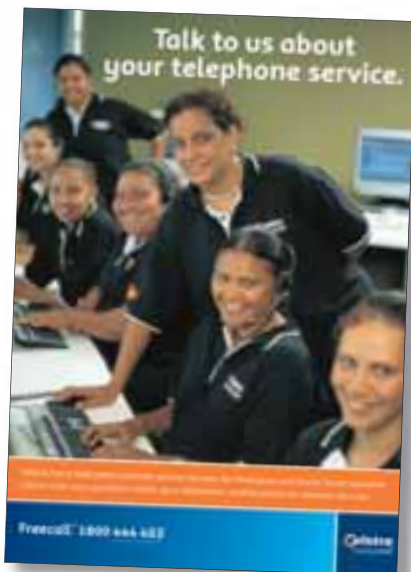
Introduced the Know the Customer initiative, to improve service by better understanding who our customers are, their needs, behaviours and preferences.

Looking forward we will

- Continue to develop the Know the Customer program for progressive roll out throughout 04/05.

Our performance

Formed a local business group of Metropolitan General Managers dedicated to finding local community solutions in metropolitan areas.



Better service for Indigenous communities
 – The 1800 number is supplied to remote Aboriginal communities to enable them to talk to someone with a similar cultural background when making enquiries about their telephone service.

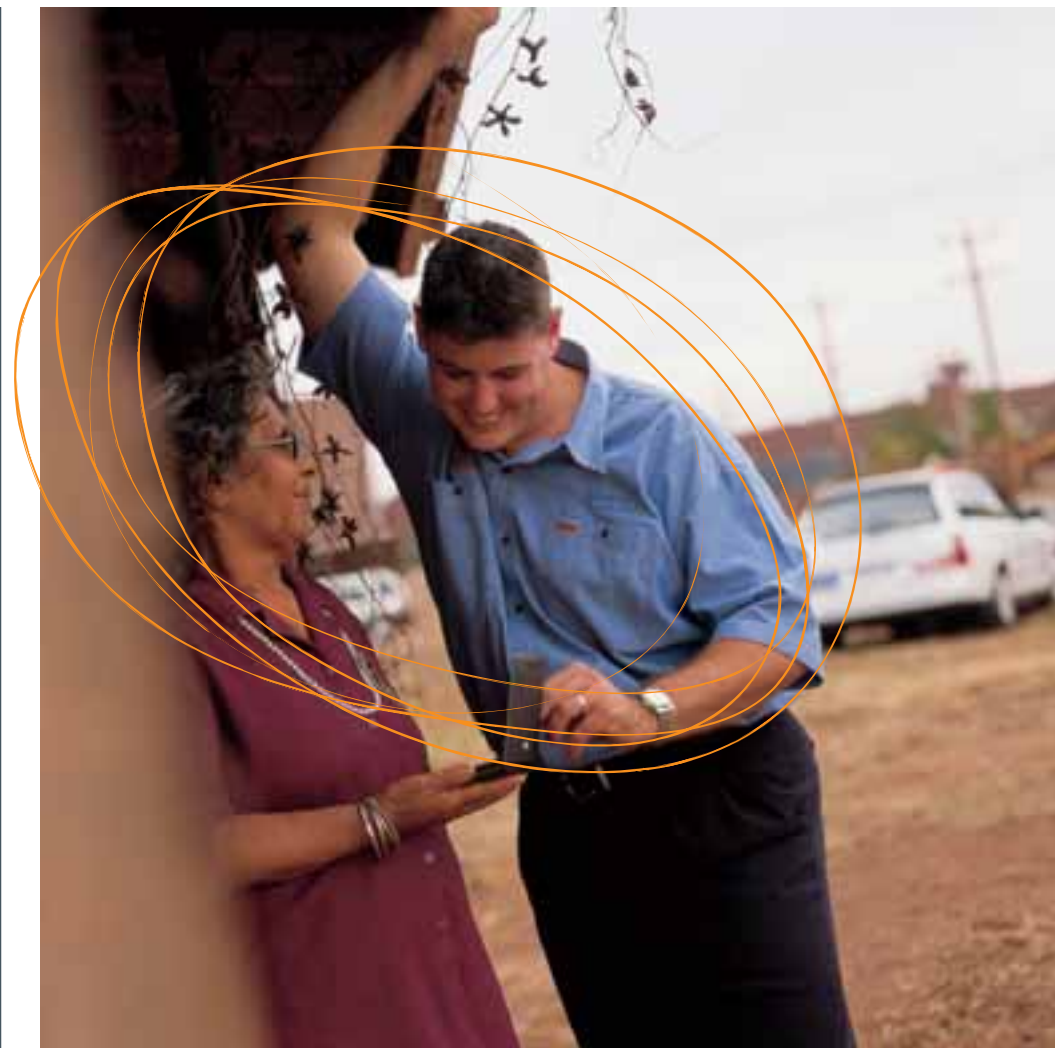
CASE STUDY: SPEAKING THE LOCAL LANGUAGE

In July 2003, we set up a unique traineeship area in Townsville, Queensland to respond to calls from rural and remote indigenous communities.

The initiative to better service Indigenous communities, involves a dedicated 1800 number serviced by trainees with Aboriginal or Torres Strait Islander backgrounds. The 1800 number is supplied to remote Aboriginal communities to enable them to talk to someone with a similar cultural background when making enquiries about their telephone service.

The trainees are employed full-time by Telstra and are provided with structured training in accredited programs to develop personal skills and abilities. When not taking calls from remote Aboriginal communities the trainees take other calls coming into the Townsville call centre.

The team includes Kristy Nolan, Charlotte Cloudy and Biannca Hoolihan, who call themselves Gundabookia, a combination of two words, “gunda” which means tribal sisters and “bookia” which means resourceful information. Kristy Nolan, says it is very rewarding to work towards helping connect remote Aboriginal communities. “We think it’s great that Telstra has employed us to support the needs of the indigenous communities.”



RURAL AND INDIGENOUS CUSTOMERS

Our indigenous and rural customers live in some of the most remote locations in Australia. This year we worked hard to develop relevant, innovative solutions, including:

- Work with the Federal Department of Communications Information Technology and the Arts (DCITA) and Australian Communications Authority to develop and implement a strategic framework to ensure more appropriate telecommunications services are delivered to remote Indigenous communities.

- Working with Telstra, the Centre for Appropriate Technology in Alice Springs, Northern Territory, developed a calling card only “robust phone”. The phone will be able to be located in public access locations as an alternative to the standard payphone. This phone will be trialled in 20 locations initially, with more expected to be deployed later.
- Opening the Townsville call centre and dedicated 1800 customer service number to respond to calls from rural and remote indigenous communities. See case study ‘*Speaking the local language*’ on page 36.
- Under the Networking the Nation program, we actively supported projects to increase service take-up in indigenous communities, including Island Watch, which provides pre-paid phone services to homes in Torres Strait Communities, and work with the PY Media group in Central Australia, to deliver telecommunications benefits to these communities.
- Our first solar powered mobile base station at Roebuck Plains in Western Australia’s north-west. See case study ‘*Sunny Solutions*’ on the right.
- Worked with DCITA to deliver shared “community phones” under the Government’s Community Phone Subsidy Scheme. This involves more innovative, equitable and flexible options to complement the conventional “payphone”.
- Investigating existing and new options for areas where no infrastructure currently exists and communities are frequently moving and working with Indigenous suppliers to develop tailored technologies for communities.

ADSL DEMAND REGISTER

We launched the ADSL Demand Register on 2 October 2003 to enable customers and Internet Service Providers (on behalf of consumers) to indicate their interest in ADSL where it was not available.

Telstra can then respond by providing ADSL in those areas where customers tell us they want it most. To June 2004, Telstra had received more than 38,000 registrations. In the reporting period, approximately 80 exchanges were upgraded as a direct result of the Demand Register. (We have upgraded around 1100 exchanges across Australia since 2000.)



In April 2004, Telstra launched its first solar powered mobile base station at Roebuck Plains in Western Australia’s north-west.

CASE STUDY: SUNNY SOLUTION FOR WESTERN AUSTRALIA

Hot sun in the desert ... sand, ...mountain ranges ... you’ll find us there. Telstra’s network reaches the most remote regions of Australia, and where there is no power grid, innovation drives environmentally friendly solutions. In April 2004, Telstra launched its first solar powered mobile base station at Roebuck Plains in Western Australia’s north-west.

The environmentally friendly CDMA base station provides additional mobile telephone coverage in and around Broome, Western Australia. This fills an important need for many people in the community, particularly people on-call who need to communicate while on they are on the move, and for the many businesses in the area that require mobile telephone coverage.

The power system, comprised of 60 solar panels and a valve-regulated lead acid battery weighing 7.4 tonnes, is designed to continuously supply the power required in all weather conditions and can tolerate no sun for up to 10 days.

The Roebuck Plains mobile base station is one of 11 locations in Western Australia to receive mobile phone coverage as part of a joint initiative between Telstra and the Commonwealth Government to improve telecommunication services to regional Australia. The base station shows Telstra’s commitment to regional Australia, to the environment, and to finding innovative solutions for customers.



Our marketplace

Telstra is the Australian telecommunications industry leader. We support programs that foster industry growth and development, and develop innovative consumer services and products that benefit society.

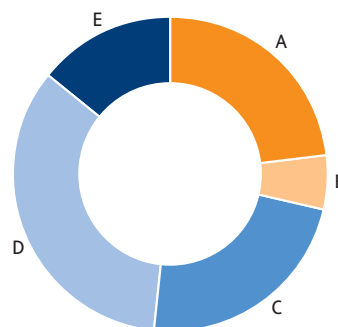
In 2003 we committed to

- to run our business successfully in order to generate profits which will support the financial worth of Australia and maintain associated flow-on effects to the economy and community

In 2003/04 we

- Declared a net profit of A\$4.118 billion
- Declared approximately \$3.3 billion in dividends
- Our value added was approximately \$13 billion, or 1.6 per cent, of Australian Gross Domestic Product (GDP). Value added is a measure of the contribution Telstra makes to Australia's GDP and reflects the difference between sales revenue and the cost of raw materials and other goods and services purchased as inputs.

DISTRIBUTION OF OUR VALUE ADDED 2003/04



A	TO EMPLOYEES	23.1%
B	TO INTEREST	5.5%
C	TO DIVIDENDS	22.9%
D	FOR DEPRECIATION & RETAINED EARNINGS	34.27%*
E	FOR INCOME/OTHER TAXES	14.2%**
TOTAL		\$13,908 million

* Calculation of retained earnings is specifically for value added and uses tax provision rather than P&L tax, ignores non trading revenue and outside equity interests.

** Income tax provision is used. 2003/04 estimated not disclosed in AR obtained from Corporate Accounting. Includes estimates of other taxes for 2003/04.

Industry leadership

The Australian telecommunications industry changes constantly and rapidly. Consumer spending on communications services has been a fast growing spending category over the last decade and now represents around 2.6 per cent of household disposable income, or about \$1,600 per household each year.

We have a responsibility to be resourceful and help keep Australia and the industry at the forefront of global telecommunications practice. We do this through our Industry Development Plan (IDP) that is produced annually and approved by the Minister for Communications, Information, Technology and Arts.

In 2003 we committed to

- Keep Australia at the forefront of technology development through research and development and commercialisation of intellectual property.
- Meet ongoing demand for existing products and services while maintaining or improving service levels, eg. investing more than \$350 million during 2003/04 in improving Telstra's nation-wide networks and facilities.

Our Performance

This year we:

- Spent A\$165 million on research and development
- Invested more than A\$350 million improving Telstra's nation-wide networks and facilities
- Paid a total of just over A\$2 billion in Commonwealth, State and local taxes
- Continued the rollout of CDMA1x, a 100 per cent upgrade of our existing CDMA mobile network to provide high speed wireless data services; and
- Played an important role in boosting the productivity of business through innovations in information and communication technology, assisting Australia to achieve strong GDP growth.



Looking forward we will

- Achieve our commitments in the IDP.
- Use our purchasing power to positively influence supplier behaviour.
- Keep Australia at the forefront of technology development through research and development and commercialisation of intellectual property.
- Meet ongoing demand for existing products and services while maintaining or improving service levels.

Innovation

We aim to develop innovative, high quality and reliable products and services that satisfy current and future customer needs without adversely impacting the environment, our stakeholders and the health and safety of our communities.

The Telstra Research Laboratories (TRL) research and test Telstra products. The Human Factors Research Group, which includes psychologists, socialists and technical specialists, design, evaluate and test products for usability in the Telstra Centre for Accessibility.

Our Performance

Developed the Telstra Innovation Centres, to foster ideas and grow the Australian telecommunications industry.

Released the T1000S phone as our standard telephone, which includes one touch features and volume control that make the phone easier to use for people with a disability.

We developed new products and services including:

- Talking Text (SMS messaging to fixed phones)
- Push to Talk technology

Introduced a customer-focused design approach in TRL, to better build customer needs into our design processes.

Looking forward we will

- Use our innovation centres to develop the best solutions and exceed the expectations of our diverse customer base.
- Apply our customer-focused design approach at the beginning of product development to integrate all customer needs into product definition and design.

CASE STUDY: BUSH BABIES BROADBAND



The precious lives of many critically ill babies born in geographically remote locations across Australia will soon have expert medical attention and advice from consulting specialists hundreds, if not thousands of miles away thanks to a \$250,000 donation grant from the Telstra Broadband Fund.

Dubbed 'Bush Babies Broadband' and launched by the Centre for

Advanced Systems Engineering (CASE) at the University of Western Sydney this new neo-natal project will involve the development of a system to facilitate the management of critically ill babies using Broadband facilities.

According to the Director of CASE, Associate Professor George Bryan, the project will use broadband technology to transmit real time physiological data from remote bedside monitors to a consulting specialist at another location. "Clinicians treating critically ill babies in remote rural locations will be able to consult with specialists regardless of their location by using broadband internet. This is innovative technology with its sleeves rolled-up," he said.

Telstra's support will accelerate the development of the Bush Babies Broadband project and the expected outcomes will make a real difference to the lives of many people in regional areas across Australia. Broadband is vital for this project as it is cost effective, it can handle large data volumes and, for ADSL and two-way satellite, there is no need to dial-up to use the service. Broadband can also easily handle different types of information such as audio and video streaming, static data such as x-rays, and real-time data such as heart rate monitoring.

The Telstra Broadband Fund's goal is to stimulate and fast-track the development of new and innovative applications, content, tools or technologies with wide appeal for broadband delivery to Australian businesses, educational institutions and consumers. The Bush Babies Broadband initiative is just one of many recipients of the Broadband Fund and Telstra is proud to be delivering services and products that assist in enhancing the lives of our customers and all Australians.

The Telstra supply chain

This year, Telstra spent approximately A\$7 billion on products and services from around 12,000 suppliers, most of which are small to medium enterprises. We estimate that 70 per cent of this spend remained in Australia.

In 2002, we launched the Purchasing Environment Policy to provide a framework for all purchasing across Telstra. As a minimum, Telstra requires all suppliers to comply with environmental legislation and Telstra's Environment Policy.

In 2003 we committed to

- Use our purchasing power to positively influence supplier behaviour, eg. reinforce the need for suppliers to complete accredited training prior to working for us and give preference to vendors who demonstrate safe systems of work.
- Encourage vendors to actively pursue environmental improvements (eg. have sound environmental management systems, lodge documents electronically) and recognise good performance by implementing a specific environmental performance category in the Telstra Vendor Awards.

Our Performance

Facilitated industry growth through our sourcing policies by offering opportunities for major vendors to enter into sub supplier arrangements with local, small and medium businesses.

Conducted environmental risk assessments for 99 per cent of our contracts and updated 83 per cent of those contracts to include environment conditions.

Conducted a packaging review of all contracts to identify opportunities to move towards environmentally friendly packaging. At 30 June 2004, 98 per cent were reviewed.

Implemented a specific environmental performance category in the Telstra Vendor Awards.



Looking forward we will

- Continue to carry out environmental audits on all our contracts, and explore social effects in our contract supply chain.
- Introduce the *Excellence in Social Responsibility* category for the annual *Telstra Vendor Awards*.

Stakeholder dialogue

OUR STAKEHOLDERS

Our stakeholders are the organisations, groups and individuals whom we affect and who affect us. As Australia's largest telecommunications company and the provider of the second largest telecommunications infrastructure in the world, we consider all Australians to be our stakeholders. They comprise:

Customers

- Metro and regional individual customers
- Business
- Government
- Wholesale customers

Industry

- Federal, State and Local Government
- Non-government organisations
- Industry bodies
- Unions
- Suppliers
- Regulators

Employees

- Past and present

Communities

- Local community groups
- People affected by Telstra's services
- Community welfare organisations
- Disability groups
- Indigenous land councils and representative bodies

We worked this year to formalise communication with these groups through forums, one-on-one dialogue and feedback mechanisms. These are some of the key ways we talk with our stakeholders:

EMPLOYEE OPINION SURVEY

Purpose

Provides our employees the opportunity to express their views about their jobs, the company and their working environment.

Process

The results are analysed, discussed with staff and used as a basis for actions by all levels of management to improve jobs and the work environment.

TELSTRA CONSUMER CONSULTATIVE COUNCIL (TCCC)

Purpose

The TCCC addresses concerns ranging from specific customer groups to industry-wide policy.

Process

Forum run formally three times per year. Participants complete feedback surveys at the end of each meeting. We also consult with community organisations in all States and Territories and provide information and updates throughout the year.

LOW INCOME MEASURES ASSESSMENT COMMITTEE (LIMAC)

Purpose

The LIMAC assesses the effectiveness of the Access for Everyone package in meeting the changing telecommunications needs of Australians with a lower income.

Process

The LIMAC held forums every two months. Telstra consulted with the LIMAC when changes were proposed to the programs in the Access for Everyone package, provided information, undertook research on behalf of, and sought its views about marketing and communication activities in relation to the package.

MOBILE PHONE BASE STATION SIGHTING CONSULTATION

Purpose

To help us operate responsibly in designing, operating and managing mobile phone base stations and to minimise their impact on the community, in compliance with the Australian Communications Industry Forum (ACIF) code for Deployment of Radio Communications Infrastructure.

Process

Community consultation process undertaken for each new base station.

Presented ACIF Code updates & compliance reports to the Telstra EME Management Group quarterly and to the Board Audit committee in July and December 2003.

TELSTRA COUNTRY WIDE ADVISORY BOARD

Purpose

To act as a sounding board for the telecommunications strategies developed by Telstra Country Wide to address the needs of regional customers.

Process

Meetings held every two months in different parts of regional Australia with senior TCW managers.

TELSTRA COUNTRY WIDE REGIONAL TELECOMMUNICATIONS SURVEY

Purpose

To gain feedback on Telstra's performance in the regions against local stakeholder expectations. The feedback helps us identify the communications issues of importance in Telstra Country Wide areas.

Process

Face-to-face interviews conducted in each region. The results are reported to stakeholders through the annual survey report.

TELSTRA DISABILITY FORUM AND CONSUMER ADVISORY GROUP

Purpose

A forum for national peak disability consumer organisations to discuss telecommunications issues and assist with developing and monitoring our Disability Action Plan. The Consumer Advisory Group advises on any changes we intend to make to our equipment in the Disability Equipment Program.

Process

Forum and Advisory Group run formally two times per year. Participants complete feedback surveys at the end of meetings and we provide information and updates to both groups throughout the year.

TELSTRA HISTORICAL COLLECTION

Purpose

A review of future development options for the Telstra Historical Collection has been carried out in consultation with key national and state heritage institutions and museums and volunteer groups. This consultation process helped develop a work program to manage the collection over time.

Process

It is intended that collection management will be undertaken by a museum consortium body, which will meet regularly over the course of the project.

INDUSTRY FORUMS

Telstra is a member of a number of industry forums and actively participates in debate about the quality of the telecommunications industry and its future growth. These include:

- Australian Telecommunications Users Group (ATUG) forums
- Telecommunications Users Association of New Zealand (TUANZ)
- Australian Communications Industry Forum (ACIF)
- Australian Mobile Telecommunications Association (AMTA)
- Telecommunication Society of Australia (TSA)



Rosewood radio tower north of Augathella in western Queensland.

CASE STUDY: INVOLVING THE COMMUNITY

Telstra is working closely with the community when seeking to develop and expand its mobile network. This can be sensitive for some people and we are committed to best practice consultation.

Over the past year, we developed and used a new community consultation process to open up dialogue with our stakeholders and understand and address their concerns about network deployment, electromagnetic emissions (EME) and installing mobile phone base stations.

The program's success was shown during the year in Mount Macedon, Victoria, where the selection of a new mobile base station site was agreed through a community consultation process.

Originally the Mount Macedon community was divided about the most suitable location for a new facility. As part of the new consultation program, Telstra worked extensively with the council and community stakeholder representatives to develop alternative site options, the community voted on the options, and Telstra and the local council assessed the results.

Mount Macedon Mayor, Donna Petrovich, personally commended Telstra for its level of engagement and the efforts it made to involve the community. "The local Telstra team are a shining example in the community of what a large organisation is willing to do in working with and consulting the community," she said.

Leading world expert in community consultation, Professor Ray Kemp, helped train 200 site deployment and consultant staff during the program's rollout. Professor Kemp is a past chairman of the World Health Organisation committee specialising in best practice consultation for EME.

Telstra was invited to present on the success of our community consultation strategy to the International Mobile Networks & Environment Conference in March 2004 and has received positive feedback from the Australian Communications Authority about our ongoing processes.

For more information about EME and Telstra's mobile technology, visit:

<http://www.telstra.com.au/ememanagement/index.htm>

<http://www.telstra.com.au/mobile/life/technology/index.htm>