



Telstra Corporate Responsibility Report 2009

Telstra's corporate responsibility reporting

Our corporate responsibility (CR) reporting comprises this publication, the Telstra 2009 Corporate Responsibility Report, as well as our CR website. The reporting covers Telstra's economic, social and environmental contributions and performance during 2008/09, and is intended to provide comprehensive information to the full range of Telstra's stakeholders.

Our reporting covers the 2008/09 financial year for the Australian operations of Telstra Corporation Limited (excluding Sensis, Telstra's information and advertising business, unless otherwise specified). A full account of the corporate responsibility performance of Sensis can be found at www.about.sensis.com.au.

Telstra 2009 Corporate Responsibility Report - This publication focuses on our

performance against publicly stated planned actions from our 2008 report and on the issues material to our business and stakeholders.

Telstra CR website - Our CR website provides full details about our approach and activities in 2008/09. A section on Reporting & Performance provides access to our full range of benchmarking, social and environmental reports. You can use our Global Reporting Initiative (GRI) Index to navigate our CR website and report. Visit www.telstra.com.au/cr.

Our reporting has been developed with reference to the Global Reporting Initiative (GRI) G3 Guidelines and the telecommunications sector supplement, and this year applies the GRI Framework to a level C (self declared).

Feedback on our reporting is welcome. Please email Nancie-Lee Robinson, Senior Advisor, Corporate Responsibility, at cr@team.telstra.com

CEO Message



Since my appointment to the position of CEO in May 2009, I have reflected on the incredible work that has been done by our people every day. Despite challenging macro-economic conditions, we have achieved strong results for fiscal 2009 and we continue to get on with the job of providing the nation with the next generation networks and services that are the foundation for social inclusion, economic growth, productivity improvement and sustainable prosperity.

As a company that touches the lives of millions of Australians every day, we have an important responsibility to act ethically and responsibly in all that we do. Every single thing we do has an impact on our company, our customers, our shareholders and the nation. We want to make sure that our every effort counts.

To focus our efforts in 2009/10, I have established a senior level Corporate Responsibility Council to guide our corporate responsibility strategy. The strategy focuses on areas critical to the success of our business and to Telstra's standing as a good corporate citizen. For the first time, we will be announcing ambitious, long term targets to drive our performance in key areas – customer satisfaction, carbon emissions and employee engagement. We aim to make Telstra a company people enjoy doing business with, as well as a great place to work.

Our seventh corporate responsibility report outlines the services we deliver to all Australian communities and our contribution to the national and local economies. It shows that Telstra takes its social and environmental responsibilities very seriously and provides a comprehensive account of Telstra's progress against planned actions to improve our performance during 2008/09.

This report is evidence of Telstra's ongoing commitment to our customers, shareholders, employees and the communities in which we operate and I welcome your feedback – please contact us at cr@team.telstra.com.

David Thodey
Chief Executive Officer
November 2009

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Performance summary 2008/09

Performance indicator	08/09	07/08	06/07
Financial			
Sales revenue	\$25.4 billion	\$24.7 billion	\$23.7 billion
EBIT	\$6.6 billion	\$6.2 billion	\$5.8 billion
Profit after tax and minority interests	\$4.1 billion	\$3.7 billion	\$3.3 billion
Ordinary dividends (cents per share)	28	28	28
Socio-economic			
Total workforce	43,181	46,649	47,840
Total domestic workforce (includes Sensis)	31,662	33,982	35,706
Wages and salaries	\$4.1 billion	\$4.2 billion	\$4 billion
Local, state and Commonwealth taxes	\$1.8 billion	\$1.7 billion	\$1.8 billion
Dividends to shareholders	\$3.5 billion	\$3.4 billion	\$3.4 billion
Accrued capital expenditure	\$4.6 billion	\$4.9 billion	\$5.9 billion
Community			
London Benchmarking Group (LBG)* measure of community investment	\$65.2 million	\$32.2 million [#]	\$18.8 million
Employees			
Employee engagement	N/A**	74%	73%
Women in management roles	27%	24.6%	25.8%
Lost time injuries frequency rate (per million hours worked)	2.14	2.54	2.14
Effective Health Safety & Environment (HS&E) audit results	44%	71%	88%
Learning & development investment	\$104 million	\$75 million	\$60 million
Learning & development investment per employee	\$2,800	\$1,626	\$1,500
Environment			
Greenhouse gas emissions (tonnes CO ₂ e)	1,515,188	1,500,803	1,390,306
Greenhouse gas emissions (tonnes CO ₂ e/ \$million revenue)	59.4	60.4	N/A
Total waste recycled (tonnes)	18,746	32,981	33,266
% Waste recycled	62%	69%	65%
Total energy Use (GJ)	5,869,006	6,064,687	5,848,601
Total energy Use (GJ)/\$million revenue	230.1	244.3	247.1
Volume of office paper (reams)	190,696	220,856	256,774
Volume of paper (reams) per employee	6.0	6.5	7.2
Water savings (kilolitres)	12,017	52,019	87,318

* Valuation includes cash, time, in-kind support and management costs for contributions made in Australia.

The figure reported in our 2008 CR Report (\$38.4 million) included Sensis's contributions. This has been amended here to exclude Sensis and to be consistent with 2007 and 2009 reporting.

** An EES was not conducted in 2008/09. The next EES is planned for 2009/10.

Ethics and governance



Telstra is committed to acting ethically and responsibly in all that we do.

Will Irving
Telstra Group General Counsel

Q&A

Q: Why has Telstra established a Corporate Responsibility Council?

A: We are keenly aware of Telstra's position in Australia - a company that in some way touches nearly every Australian, every day. Our day to day business is a vital thread in Australia's economic and social fabric. Therefore, a commitment to the highest standards of corporate governance, transparency and stakeholder engagement is of critical importance.

The Corporate Responsibility Council, comprising ten of Telstra's group managing directors, will guide and govern the company's corporate responsibility strategy. The strategy is organised around seven key areas, and for the first time, ambitious and long-term targets will be set to improve our performance and enhance our reputation.

Q: Why does reputation matter?

A: It is important to us that Telstra is a good corporate citizen, because companies that behave ethically, treat their people well and contribute to the communities in which they operate, are companies that people want to be associated with - whether as customers, employees, suppliers or shareholders.

Q: How does Telstra's social and environmental performance impact on shareholders?

A: With rising concern in the broader Australian community about things like climate change, water management, an ageing population and the global financial crisis, the role of businesses in society is receiving more attention. I think there is increasing recognition that the investment value, profitability and risk profile of companies is influenced

by how they seek to be part of the solution to key social and environmental challenges.

The connection between investment potential and corporate responsibility is demonstrated by the emergence of investor-led sustainability initiatives, such as the Carbon Disclosure Project, Dow Jones Sustainability Index and FTSE4Good, and of socially responsible investment funds.

As a major business enterprise, Telstra has a responsibility to our shareholders, employees, customers and to the nation to continually improve the performance of our company and its businesses. By doing this in a responsible way, we also foster prosperity in the industries and communities in which we participate.

Corporate responsibility governance

Telstra's commitment to corporate responsibility begins with a simple and straightforward commitment to principled decision making in all that we do.

Telstra's commitment to corporate responsibility begins with a simple and straightforward commitment to principled decision making in all that we do. From a principled perspective, Telstra's primary corporate responsibilities are to increase shareholder value and advance shareholder interests by:

- + providing customer service that meets the expectations of our customers and wins their continuing loyalty;
- + providing our employees with good jobs at good wages;
- + providing good stewardship of the environment and technology solutions that enable others to do the same;
- + providing access to communications for those who need it most;
- + contributing resources - people, money, technology, products and services - to support the communities in which we operate and the needs of the larger society; and
- + advancing the national interest by strengthening the capability of the nation's telecommunications infrastructure.

The Telstra Values, Telstra's Business Principles and Company Policies, including the Code of Conduct, set out the practices, principles and standards of behaviour Telstra expects employees and contractors to adopt in performing their work. Together they reflect our obligations and underpin the way we work with our customers, our shareholders, our colleagues, the regulatory bodies we deal with, our suppliers and stakeholders in the community.

Corporate Responsibility Council

In 2008/09, a decision was made to establish a senior executive committee to oversee

the company's corporate responsibility strategy, an area of increased focus in 2009/10. The Corporate Responsibility Council, comprising ten of Telstra's Group Managing Directors, will have a cross company view of Telstra's corporate responsibility performance and activities. The Council will report to Telstra's CEO on a quarterly basis. The first meeting of the Council was held in August 2009.

Reporting and benchmarking performance

In 2009, we completed a submission to the Dow Jones Sustainability Index (DJSI), achieving a rating of 80 per cent, an improvement of ten percentage points from 2008. This index identifies companies that lead peers in managing risk and leverage upside across the economic, social and environmental agenda.

In 2008/09, Telstra introduced a monthly e-newsletter, Corporate Responsibility Matters, to provide senior Telstra executives and key external stakeholders with a regular update on Telstra's performance as a responsible corporate citizen.

Telstra has reported annually on its corporate responsibility performance since 2003 through its corporate responsibility reports. These reports can be accessed on our website at www.telstra.com.au/cr along with summary reports of our DJSI results, our monthly newsletter and a range of other Telstra social and environmental reports.

Material issues

In determining our material issues, Telstra considered the significant economic, environmental and social impacts of our business that may affect our value, operations, reputation and longevity. We considered the following key internal and external factors:

- + Telstra's business strategy and core competencies;
- + Telstra's company values, code of conduct, business principles and corporate responsibility principles;
- + significant risks to the company and critical factors for ensuring Telstra's success;
- + key future challenges for the telecommunications industry;
- + issues raised through the mechanisms we have in place for stakeholder engagement, in particular through our Employee Engagement Survey, consumer surveys, Telecommunications Industry Ombudsman Report, Telstra Consumer Consultative Council, media reports and customer feedback;
- + relevant laws and regulations, for example the National Greenhouse and Energy Reporting System, the Energy Efficiency Opportunities Act 2006 and the new Forward with Fairness industrial relations legislation;
- + key future challenges for our society as identified by social and environmental experts, governments and grass roots community organisations; and
- + sustainability context, including the Global Reporting Initiative, Millennium Goals, and United Nations Global Compact.

Material issues

Issue	Impact	Key elements of Telstra's response
Ethics and governance (p.4)	Telstra is a company that in some way touches nearly every Australian every day. A commitment to the highest standards of corporate governance, transparency and stakeholder engagement is of critical importance.	<ul style="list-style-type: none"> The Telstra Values, the Telstra Business Principles and the Company policies (including our Code of Conduct) provide guidance to all our officers and employees on appropriate business and ethical behaviour. A senior level Corporate Responsibility Council has been established to provide governance of Telstra's corporate responsibility strategy and activities.
Impact of telecommunications (p.12)	Telstra recognises the significant contribution that telecommunications and information and communication technology (ICT) products and services make to people's lives, community wellbeing, social inclusion, business productivity, economic development and global competitiveness.	<ul style="list-style-type: none"> Telstra delivers Australia's largest and fastest national mobile broadband network. We support our customers to use our networks and ICT to address some of the nation's most critical social issues – social isolation, health service delivery, education and economic development. Telstra places high importance on effective and responsible management of electromagnetic emissions issues. Telstra works with industry, government, community organisations and internet users to address online risks and to develop measures that promote online safety.
Customer service (p.20)	Customer satisfaction and service is a critical priority for Telstra and essential for business success. We recognise that not all aspects of the customer experience are at the standard our customers expect from us. We need to be honest and transparent with customers as we work to improve our systems and service.	<ul style="list-style-type: none"> Our Corporate Complaints Group manages our relationship with the Telecommunications Industry Ombudsman, with a focus on reducing the number of escalated complaints. An Employee Complaint Referral Process assists customers known to employees with serious unresolved complaints. Ideas gathering forums enable Telstra people to harness their extensive insight into ways we can serve our customers better. A new position, Director Customer Service, has been created to develop and manage a new company-wide program to improve customer satisfaction. A Customer Satisfaction Council with senior representatives from across the business has been established to focus on critical customer experience issues. We have developed key service and satisfaction metrics linked to an incentive scheme for nearly all employees to help drive improvements.
Employee engagement (p.28)	Telstra's economic sustainability relies on strong employee relationships, which can be strengthened with competitive wages and benefits, and flexible working arrangements. Our work environments should foster employee diversity, provide safe working conditions, and support talent acquisition and retention.	<ul style="list-style-type: none"> Telstra is committed to providing a safe and engaging work environment for our people. We have a strong focus on promoting diversity with a company wide Diversity Council to champion seven priority areas. We have a comprehensive Health and Wellbeing Strategy and invest in health promotion and prevention activities.
Climate change (p.36)	Telstra has a significant opportunity to mitigate the impact of climate change by maximising energy efficiency. We are one of the largest owners and operators of commercial and network properties, we have the largest automotive fleet of its kind, we have over 7,000 suppliers and over 30,000 employees across Australia.	<ul style="list-style-type: none"> Telstra is committed to improving energy efficiency in our networks and properties and to adapting our business to reduce our exposure to the direct impacts of climate change. Telstra promotes cost-effective ways for customers, industry and organisations to help reduce their energy use and greenhouse gas emissions by adopting ICT solutions. We are working to reduce the environmental impact of our supply chain, and we encourage our employees to reduce their carbon footprint at home and at work. The Climate Change Review Group, comprising senior leaders from across the company, is responsible for the climate strategy planning and implementation.
Community investment (p.46)	As a provider of telecommunications and one of Australia's largest companies, we understand the positive impact our business can have on community life and wellbeing. Engaging with the communities we operate in provides valuable insight into the expectations and needs of these communities and how we can contribute.	<ul style="list-style-type: none"> Each month, Telstra's Access for Everyone program assists more than one million Australians on low incomes or in financial crisis, to maintain an affordable and accessible telephone service. The Telstra Foundation, Telstra's corporate philanthropy program, funds community projects aimed at reducing social and geographic isolation and promoting social inclusion. Our sponsorship portfolio reaches across sport, the arts, the environment, health and welfare and we support business and women in business through the Telstra Business Awards and Telstra Business Women's Awards.

Stakeholder engagement

Telstra has a wide range of stakeholder groups and a long history of stakeholder engagement. Consultation and dialogue with key stakeholder groups helps to gather input and ideas, inform our decision making, strengthen our relationships and build trust. Telstra makes a genuine effort to engage with and understand its key stakeholders, through both formal and informal mechanisms. We believe that engagement and consultation helps to better meet customers' needs, improve customer loyalty, enhance employee satisfaction, build broader community support and ultimately strengthen shareholder value.

Stakeholder	Interests and concerns	Engagement methods
All Australians	Australians are interested in the full range of Telstra's activities.	<ul style="list-style-type: none"> www.telstra.com – Telstra's corporate website provides information for customers, shareholders and other interested members of the public on the latest activities at Telstra and includes public reports.
Communities Telstra operates in communities across the metropolitan, regional and remote areas of Australia. Our communities include non-government organisations.	Communities are concerned about access to services and the impact of our business on local communities.	<ul style="list-style-type: none"> Telstra Country Wide (TCW) Regional Consultative Forum helps to identify the communications issues of importance in regional Australia. At a state level, TCW Regional Executive Directors engage with state lobby groups and representatives of State government and associated authorities. At a local level, the TCW Area General Managers engage with key stakeholders to seek feedback and work proactively to meet local community needs. Our mobile phone base station siting consultation processes help Telstra operate responsibly in designing, operating and managing mobile phone base stations and to minimise their impact on the community. The Telstra Foundation engages with community organisations on issues impacting the lives of children and young people through its philanthropic grants program.
Customers Our customers include residential consumers, small to medium enterprises, large companies and organisations and government.	Our customers are interested in the quality, affordability and accessibility of our products and services, and the privacy and security of their personal information and services.	<ul style="list-style-type: none"> Telstra Disability Forum and Disability Equipment Program Consumer Advisory Group provide mechanisms for consultation on our disability action plan. Low Income Measures Assessment Committee provides advice on the ongoing effectiveness of Telstra's low-income package. T[life]™ shops, Customer Experience Centres, Telstra Mentors and the Community Advocacy Program provide opportunities for us to assist our customers to meet their communications needs. We undertake ongoing marketing and research to help us understand what our customers want.
Employees Telstra's workforce is large and diverse with over 30,000 employees in Australia.	Our employees have a broad range of concerns, including working conditions, development opportunities and health and safety, as well as a wide range of interests in issues affecting their local communities and environments.	<ul style="list-style-type: none"> Employee Engagement Survey provides all employees the opportunity to express their views about their jobs, the company and their working environment. Yabber is a Telstra intranet site that provides employees an opportunity to share their personal stories - triumphs, challenges and passions - with all staff. Employee engagement opportunities relating to social and environmental issues include the Diversity Champion Network, Virtual Women's Network, Green.Challenge@Telstra, Enable@Telstra and Spectrum Network.
Government Our government stakeholders are at local, state and national levels, from Ministers and leaders to department staff.	Telstra communicates regularly with governments on a range of commercial, policy, regulatory and other matters in the interests of its shareholders, customers and employees.	<ul style="list-style-type: none"> Constructive relationships are built and maintained across all levels of government by our senior leadership team, Telstra's Corporate and Government Relations team and Telstra Country Wide. We are required to work within relevant government legislative frameworks and to report our compliance and performance. Our Regulatory Affairs team manages Telstra's relationship with statutory regulators and industry bodies. Telstra participates in regular forums and selected events with local, state and Federal government agencies. Telstra's Enterprise and Government business unit works with government customers to develop and deliver access to world-class information and communication solutions.

Stakeholder	Interests and concerns	Engagement methods
<p>Industry These stakeholders include information and communication technology (ICT) and telecommunications specific associations, as well as sector-specific associations.</p>	<p>Industry stakeholders are interested in issues impacting the telecommunications industry, including regulation, market trends, consumer protection, and technology and service developments.</p>	<ul style="list-style-type: none"> • Telstra is a member of the key ICT industry groups, including the Communications Alliance, the Australian Mobile Telecommunications Association, the Australian Information Industries Association, the Internet Industry Association, the Australian Telecommunications Users Group and the Australian Interactive Media Industry Association. • Telstra is a member of the Mobile Carriers Forum that deals specifically with social and environmental issues within policy, regulatory and operational environments associated with the deployment and operation of mobile phone networks. • Telstra's Industry Analyst Relations function strengthens domestic and global relationships with specialist analysts on ICT industries and markets. • Telstra is a member of the Australian Industry Group and the Business Council of Australia, two of Australia's major business lobby groups. • Telstra is member of the Australian Services Roundtable, the peak lobby group for the Australian services sector.
<p>Investment community This stakeholder group includes institutional investors and sell-side analysts.</p>	<p>Investors and analysts are concerned with the risk inherent in and return provided by their investment, and the ability of the company to meet its objectives.</p>	<ul style="list-style-type: none"> • Our annual Investor Day is an opportunity for Telstra to provide a detailed update to the financial markets on the performance of the various business units and on the company's transformation. • The Investor Centre (www.telstra.com.au/abouttelstra/investor) is a dedicated resource for shareholders and potential investors. • The Investor Relations unit regularly engages with investors and analysts and co-ordinates meetings for the investment community with senior management.
<p>Media Includes representatives from print, radio, TV and online media.</p>	<p>Telstra is one of the most widely scrutinised and reported companies in Australia.</p>	<ul style="list-style-type: none"> • Telstra engages regularly with the media through our Chief Executive Officer, senior executives, media spokespeople, corporate affairs managers and other appropriate officers within the company to provide information that is in the public interest.
<p>Shareholders Telstra has 1.4 million shareholders.</p>	<p>Shareholders are interested in financial returns, company performance and governance issues.</p>	<ul style="list-style-type: none"> • Telstra values a direct, two-way dialogue with shareholders and believes it is important not only to provide relevant information quickly and efficiently, but also to listen, understand shareholders' perspectives and respond to their feedback. • Telstra keeps shareholders informed through Annual General Meetings, an annual report and shareholder updates. • The Investor Centre (www.telstra.com.au/abouttelstra/investor) is a dedicated resource for shareholders, providing information about our share price and financial performance, presentations and annual reports.
<p>Suppliers Telstra engages with around 7,000 suppliers each year with total spending around \$11 billion.</p>	<p>Suppliers are interested in secure and stable relationships with Telstra</p>	<ul style="list-style-type: none"> • Telstra regularly engages with suppliers throughout and after the sourcing process. Our vendor managers monitor and manage Telstra's commercial relationship with its suppliers and address delivery, quality, social and environmental issues. • The Supplying to Telstra website (www.telstra.com.au/supplying_to_telstra) provides practical advice to prospective and current suppliers on supplying to Telstra.

CASE STUDY: SOCIAL MEDIA ENGAGEMENT

The communities on social media sites like YouTube, MySpace, Facebook and Twitter are growing at phenomenal rates. This interest extends to companies, including Telstra, which are beginning to use social media tools to engage with customers, stakeholders and other relevant online communities.

Telstra embraces social media as an important tool of corporate and business engagement. We also encourage our employees to use social media in a personal capacity as a way to reach out and share information and views with friends and communities.

With the rapid growth and application of social media, Telstra recognised the need to have a policy that ensures employees who use social media, either as part of their job or in a personal capacity, have guidance as to the company's expectations, particularly where the engagement is about Telstra, our products and services, our people, our competitors or other business related individuals or organisations.

Introduced in 2009, Telstra's 3 Rs of Social Media Engagement are 'guardrails'

designed to protect the interests of employees and the company.

The 3 Rs ask that when engaging in a social media context employees: be clear about who they are representing; take responsibility for ensuring that references to Telstra are factually correct and do not breach confidentiality requirements; and show respect for the individuals and communities they interact with.

In 2008/09, Telstra continued to build its online engagement with a 44 per cent increase in visitor numbers to its online discussion forum and blog site nowwearetalking. Telstra's emphasis on two-way, open communication with customers and stakeholders saw a 64 per cent increase in the number of comments published in the forum area. The forums covered topics such as broadband, environment and technology.

Telstra also successfully launched an online news, forum, and blog area called Smarter, Greener, Together to highlight the benefits telecommunications can bring to help deliver a low carbon future.

The area hosted a 'Ready Reckoner' calculator allowing visitors to see how much carbon they could save using telecommunications instead of travelling.

In September 2009, after four years, nearly 4.5 million visitors and over 10,000 comments from Telstra stakeholders, nowwearetalking was closed. It will be replaced in 2009/10 by an enhanced site that includes new Web 2.0 social media functionality, more video and an increased commitment to listening to the views of customers and people outside Telstra.



Economic impact

In designing, developing and implementing communications solutions for our customers, Telstra has a significant impact on the economy through employment, investment and our supply chain. During the 2008/09 financial year, Telstra's business activities:

- + supported 43,181 jobs (total workforce);
- + paid out \$4.1 billion in salaries and wages;
- + paid out \$3.5 billion in dividends to 1.4 million shareholders;
- + paid \$1.9 billion in Commonwealth, state and local taxes;
- + purchased more than \$11 billion in goods and services from around 7,000 suppliers;
- + contributed an estimated \$16.07 billion to Australia's Gross Domestic Product; and
- + invested \$4.6 billion to continue the build out of the Next G wireless broadband network, in the continued deployment of the Telstra Next IP™ network, the creation of new and advanced business support and operating support systems and other investments to transform the delivery of telecommunications services in Australia.

Financial summary

	2009 \$m	2008 \$m	Change \$m	Change %
Sales revenue	25,371	24,657	714	2.9
EBIT	6,558	6,226	332	5.3
Profit after tax and minority interests	4,073	3,692	381	10.3
Ordinary dividends (cents per share)	28	28	-	-

Year ended 30 June 2009. Includes Sensis.



Human rights

Telstra's existing policies value and protect human rights.

For example, we promote diversity and do not tolerate unlawful discrimination. Our company-wide Diversity Council, consisting of six Group Managing Directors, champions several diversity priority areas - age balance, cultural diversity, Indigenous, work-life flexibility, disability, gender and sexual orientation and gender identity. Our Health, Safety and Environment (HSE) team oversees our health and safety management system, which is aligned with the requirements of Australian and New Zealand standards. We also value the provision of a safe, healthy working environment. Rigorously applied, our occupational health and safety management system incorporates HSE management standards that cater for the varying levels of risk that arise across Telstra's businesses.

In addition, Telstra seeks to conduct business with companies that also value and protect human rights. Telstra's Business Principles provide a framework to ensure that we operate ethically and

with integrity in purchasing goods and services and conducting business with our vendors. Social and environmental considerations in our supplier selection and evaluation processes are guided by our Purchasing Ethics Guidelines and Environmental Purchasing Guidelines.

Support of Human Rights Charter

Telstra registered its interest in contributing to the development of a Human Rights Charter by sending a submission to the Commonwealth Attorney General, The Hon Robert McLelland MP, on 23 October 2008. Telstra's submission was later lodged with the National Inquiry into Human Rights, and was published on the Inquiry's website in February 2009. As an organisation that interacts with millions of customers and shareholders and thousands of employees, we believe Telstra has a role to play in the debate. Our submission suggested that the removal of basic rights, for whatever reason, should only be possible with

the deliberate consent of Parliament. While no system is perfect, a legislated Charter of Human Rights could create a mechanism for this to occur and provide for greater governmental accountability and focus on human rights.

The role of business in protecting human rights

Telstra has encouraged other corporations to join the human rights conversation. In our submission to the National Inquiry into Human Rights, at public events and in the media we have explained the vital role companies play in protecting human rights. We participated in an Australian Charter of Rights Roundtable on 19 December 2008 and on 7 May 2009, Telstra hosted the Human Rights – Join the Conversation forum in Sydney. Numerous guests attended the event and the keynote speaker, Hon Catherine Branson QC, President of the Human Rights Commission, spoke at the forum on the evening.

Suppliers

In 2008/09, Telstra purchased approximately \$11 billion in goods and services from around 7,000 suppliers.

The vision for our procurement strategy is: one way to procure, one way to connect with suppliers and one company-wide view of Telstra vendor activity.

We are delivering this through a smarter approach to procurement that involves partnering with world-class suppliers, reducing the total number of vendors over the longer term, streamlining our supply chain processes, reducing costs and improving Telstra's performance in responding to customer demand.

We continue to look at new ways we can improve the social or environmental impact of our supply chain. In 2008/09, Telstra:

- + avoided the consumption of approximately 657,783 sheets of paper through the use of online shopping carts, purchase orders and invoices - an improvement of over 200,000 sheets on the previous year;
- + worked closely with suppliers to reduce the environmental impacts associated with the packaging of Telstra consumer products and marketing materials (Telstra is a signatory to the National Packaging Covenant); and
- + worked with the St James Ethics Centre to trial a range of resources with small to medium enterprise

vendors to encourage responsible business practice. St James Ethics Centre has been funded by the Australia Federal Government to expand sustainable responsible business practice nationwide.



Performance and commitments

Report on planned actions 2008/09

Planned actions	Progress	Outcome
Improve the relevance, transparency and accessibility of Telstra's corporate responsibility information on Telstra's website.	The corporate responsibility site on Telstra's website has been updated to include more comprehensive coverage across more aspects of corporate responsibility. A Global Reporting Initiative (GRI) Index has been added to improve the accessibility of information. See www.telstra.com.au/cr	✓
Introduce feature sections on nowweareretalking to provide a platform for public discussion and debate about the environment and the National Broadband Network.	Telstra launched an online news, forum, and blog area called Smarter, Greener, Together to focus discussion on environmental issues. Public discussion and debate about the National Broadband Network and other issues relevant to telecommunications was encouraged via the Opinion forum on nowweareretalking.	✓
Conduct a review of Telstra's human rights position and practices to assess performance against international standards.	Review was conducted and opportunities for improvements identified. A human rights working group will be established in 2009/10 to oversee progress in this area, including the development of a human rights policy.	✓

✓ Achieved ◐ Partially achieved ✗ Did not achieve

Planned actions 2009/10

- + Establish a panel of invited independent experts to provide Telstra's Corporate Responsibility Council with periodic advice on key social and environmental issues.
- + Develop a human rights policy for Telstra.
- + Launch a new Telstra social media engagement site that includes new Web 2.0 social media functionality, and an increased commitment to listening to the views of customers. and people outside Telstra.

Impact of telecommunications



Our networks provide the nation with a strong foundation for economic growth, productivity improvement and sustainable prosperity.

Michael Rocca
Group Managing Director, Telstra Networks and Services

Q&A

Q: How is Telstra enabling the company to deliver world class capabilities and services to its customers?

A: Our investment in Australia over the last four years has provided one of the largest, fully integrated national IP networks in the world - the Next IP™ network is faster, more secure, is 99.999 per cent reliable and offers 77 times more capacity than the old circuit-switched network.

Our single IP-based network has resulted in a physically less complicated network that simplifies service management while enhancing network reliability and resilience. The services we offer through our network continue to improve customers' quality of life, helping to make their professional and personal lives easier and business more productive.

The Next G™ network continues to deliver enormous customer benefits including high-speed broadband, rich content and video calling. Some of our

business customers in Australia are seeing productivity uplifts of up to 30 per cent in parts of their workforces.

Our evolution has also included an upgrade to Telstra's Global Operations Centre, and the creation of a Managed Networks Operations Centre, improving our response and restoration times.

Q: How important are Telstra's networks and technologies in helping to improve the delivery of health services in Australia?

A: Australia is facing significant health challenges, especially in dealing with chronic disease. Financial pressures are strong, costs are increasing and an ageing population is reshaping our economy. New technologies have a crucial role to play in providing affordable care.

Telstra is uniquely placed to help healthcare and medical service organisations address these challenges

through a suite of technologies.

Information can be delivered via Telstra networks that link mobile phones, handheld computers, laptops and computer systems. This is backed by the superior breadth, speed and coverage of Telstra's high speed Next G™ wireless broadband network and Telstra's Next IP™ network.

These technologies enable healthcare professionals to deliver better and faster service to their patients. For example, it is now possible to download patient information during a home visit, upload data-rich medical imagery, access secure medical databases at the patient's bedside, and connect with a specialist via video conference from a remote community.

Telstra's completed rollout of fibre optic cable to some of Australia's most remote communities in the Northern Territory makes high speed internet access available to healthcare centres there and also shows the way of the future for Australia.

National broadband network

In April 2009, the Federal Government announced plans to establish a majority government-owned company (NBN Co) to build and operate a national broadband network (NBN).

The Government's NBN aims to provide 90 per cent of the population with access to a fibre to the premise (FTTP) network that will offer downlink data speeds of 100 Mbps and the remaining ten per cent of the population with access to a wireless or satellite solution that will offer downlink data speeds of at least 12Mbps.

The Government will conduct an implementation study, which is expected to be completed by February 2010. Telstra supports the Federal Government's NBN vision. We have

long advocated the need for high-speed broadband and have engaged constructively to help find a solution that is in the best interests of the industry and the nation, as well as Telstra's shareholders, customers and staff.

The NBN will be complex and challenging with a wide range of factors to consider and its success will require the focus and cooperation of industry. Our engagement has been driven by our commitment to help the Government achieve its NBN vision.



As the Government conducts its implementation study, Telstra continues to invest in broadband technologies, networks and upgrades to provide greater coverage and speeds for home users and to improve productivity and service delivery options for our business customers.

Next generation networks

Telstra's rollout of fibre optic cable to many of Australia's most far flung communities makes high speed internet access available to remote students, health care professionals, and government and business.

Our networks provide the nation with a foundation for economic growth, social inclusion, productivity improvement, sustainable prosperity and global competitiveness.

Next G™ network upgrade to HSPA+

In 2008/09, the Next G™ network has broken new ground for the wireless industry, leveraging the advanced capabilities of enhanced HSPA+ (High Speed Packet Access Plus) technology to evolve the existing network to meet next-generation mobile user demands on our network:

+ in December 2008, the Telstra Next G™ network became the first mobile network in the world

to activate enhanced HSPA technology;

+ in February 2009, Telstra launched the first commercial device rated to take advantage of the upgraded network. The network operates at peak network downlink speeds of 21 Mbps. Actual speeds with a compatible device in selected CBD, metro and regional areas is 550 kbps to 8 Mbps¹; and

+ in June 2009, Telstra launched

5.8Mbps peak network uplink speeds using enhanced HSPA technology - a world first combination of network and device with such capability. Actual upload speeds are 550 kbps to 8 Mbps in upgraded areas*.

Telstra's continued innovation and technology leadership with the HSPA+ upgrade will enable Telstra to continue to offer an improved mobile broadband customer experience, despite the increased demands placed on the network by new, bandwidth-intensive services such as video and collaboration tools. The first commercial launch of the faster mobile broadband device is providing significant benefits in health care, education and business productivity, in addition to an enhanced consumer entertainment experience.



¹ Actual customer speeds are less than 21 Mbps and 5.8 Mbps. Speeds vary due to factors such as distance from the cell, local conditions, user numbers, hardware, software and download source.

Next G™ network coverage expansion program

The existing Telstra network is experiencing increasing demand due to the rapid growth of wireless broadband usage over the past two years. Each wireless broadband customer places demand on network resources many times more than a customer making a simple voice call. This means that continued investment in the network is required. In 2008/09, Telstra invested \$96 million to build an additional 234 new mobile base stations, expanding the breadth and depth of our Next G™ mobile broadband network.

Ethernet backhaul enablement program

A wireless network needs more than base stations - it needs a robust, superfast wireline network to connect to. The link between the wireline and wireless network is called backhaul and Telstra is enhancing the user experience for Next G™ customers by investing in Ethernet backhaul to carry all the speed-hungry, data-hungry requirements of a broadband enabled community.

Upgrades to approximately 3,000 metro sites are now complete and the program continues to upgrade transmission to regional cities and towns as well as to approximately 2,000 rural and remote sites. The program is scheduled to continue through 2012.

Broadbanding the Top End project

The \$34 million project announced in September 2008 by Telstra, the Northern Territory Government, Rio Tinto Alcan and the Northern Land Council has seen 800km of optical fibre cable and associated infrastructure installed from Jabiru to Nhulunbuy in the Northern Territory. As well as the township of Nhulunbuy, there are now five mainland Aboriginal communities connected to

the nation's fibre optic backbone that will greatly benefit from improvements in health, education, policing and entertainment.

During 2009, an additional 190 kilometres of fibre optic cable, as well as five radio systems, will be installed by Telstra's Top End crew to provide high speed broadband access to four additional island communities.

Australian Rail Track Corporation communications system

Work continues in the \$85 million deal with the Australian Rail Track Corporation to develop a new communications system for the group's national rail network. The new system uses the Next G™ mobile network to facilitate the safe movement of trains around the nation.

The project has involved building 76 Next G™ base stations in New South Wales, South Australia and Western Australia. Additional infrastructure such as the provision of Satellite Private Mobile Radio systems in 14 tunnels and two fully redundant data message switches is complete. The bulk manufacture of 704 In-Train Computing Environment units is expected to commence in early 2010 and be completed by June 2010. Transition from the existing train communications system to the new one is scheduled late 2010.

Enabling ADSL and ADSL2+

ADSL2+ enablement allows exchanges to provide faster internet services to customers. The rollout of ADSL2+ continues across Australia with an additional 421 Telstra exchanges, offering a further 230,000 homes and businesses high-speed ADSL2+ broadband, to be upgraded by the end of 2009. Telstra has invested \$6.37 million in these particular upgrades.



VicSmart broadband network

In the latest phase of a multi-million dollar project to give primary and secondary schools across Victoria access to high-speed internet, Telstra increased download speeds on the VicSmart broadband network from four to ten megabits per second. The VicSmart network is a partnership between the Victorian Government and Telstra that will ensure hundreds of thousands of students across the State have the ability, skills and knowledge to excel in the new broadband world.

Opening of the Managed Network Operations Centre

Telstra made a significant investment to build the multi-million dollar Managed Network Operations Centre (MNOC). Opened in October 2008, this purpose-built facility allows Telstra to provide corporate customers with even higher levels of service, through a greater visibility of our enterprise and government customer networks and of Telstra's core network, early detection of network related issues and much faster fault detection, isolation and resolution.

Housing the latest technology, the MNOC offers a range of managed network services such as monitoring, managing and maintaining the equipment and network environments located at customer sites.



Productivity

In October 2008, Telstra commissioned the first detailed independent body of research on productivity among 300 leading Australian business and government organisations.

The research was undertaken to help identify and deliver productivity improvements to our customers. The outcomes of this research are captured in The Telstra Productivity Indicator, a report on business attitudes towards improving productivity in Australia and a white paper: ICT as a Driver of Productivity. The research found that:

- + 78 per cent of large organisations say improving productivity is a high priority;
- + 51 per cent of large organisations do not actually measure productivity or have clear productivity improvement targets;
- + 61 per cent of organisations that invested in communications technologies such as broadband and mobiles say that it has improved their productivity;
- + 62 per cent of businesses that are leaders in technology adoption apply hard productivity metrics and known targets, whereas only 45 per cent of technology followers do so; and
- + 43 per cent of Australia's largest organisations expect productivity to increase over the next 12 months.

The Telstra Productivity Indicator demonstrates a clear correlation between those organisations that make information and communication

technology (ICT) investments and those that are achieving real productivity gains.

Over the last year, the most important ICT investments were those that have improved workforce access to common resources and information within offices and across workplaces. Investments in ICT are also seen as having contributed to staff training and process improvements.

Despite today's tough economic climate, Australian organisations are optimistic about increasing their productivity. Telstra's series of Next Generation Services, including unified communications, security, mobility applications, contact centre solutions, hosting and storage, are assisting organisations to achieve higher levels of productivity. Telstra is continuing to help business and government to incorporate new digital technologies and related ICT solutions to drive productivity improvements across Australia.

To find out more, visit www.telstra.com/productivity.

CASE STUDY – VIRTUAL TRAUMA CARE A REALITY WITH TELSTRA TELEPRESENCE

Telepresence uses Telstra's Next IP™ network and specialised medical equipment to send and receive high definition 'real time' video images and other data between primary health care providers and medical specialists. In March 2009, Telstra and telepresence specialist Polycom® launched 'real time' virtual trauma care machines that will significantly improve the availability of trauma care in the Loddon Mallee region of Victoria. These machines can be wheeled to the bedside in an emergency or intensive care ward, and comprise a mobile wireless video conferencing unit, high definition video cameras, monitors and associated equipment – all connected to the powerful Telstra Next IP™ network. Emergency patients requiring urgent

care in regional areas no longer have to be transferred hundreds of kilometres by ambulance or helicopter to metropolitan facilities, which results in delays in treatment and additional costs. Now, medical specialists in another city, state or even overseas can control the high definition camera, examine and talk to the patient, talk to local staff, get live heart rate and blood pressure and other vital signs data, review digital scans and test results and watch live endoscopic video feed.

Access to virtual specialists can also assist emergency wards deal with their heavy load, with a NSW telepresence trial revealing that up to half of people seeking medical attention did not need to be admitted and could be safely sent home.

This successful demonstration represents an important step towards realising Telstra's vision of improving the delivery of health care services and health outcomes in regional and rural areas.



Virtual Trauma Critical Care Unit (ViTCCU), Loddon Mallee Rural Health Alliance

CASE STUDY – NETWORK IMPROVES INDIGENOUS EDUCATION OUTCOMES AT DJARRAGUN



Students at Djarragun College

Cisco and Telstra have deployed Australia's first broadband, Unified Communications and wireless network to help improve educational outcomes at Djarragun, a largely Indigenous community in far north Queensland. Beginning in first term 2009, Cisco and Telstra committed significant technical, financial and human resources to the network at Djarragun College, an independent primary and secondary school in Gordonvale,

located 20 kilometres south of Cairns, and its sister campus at Wangetti, about 100 kilometres away. The schools cater for around 400 students, most of whom are Aboriginal or Torres Strait Islander.

The network will connect the two Djarragun College campuses, providing a virtual single learning environment that will enable the sharing of information and collaboration by the school community. This will support better educational outcomes for students and help to reduce the need for staff to travel between the two facilities.

This Unified Communications network will help reduce the cost of communications and improve management and technical support from Telstra and Cisco. The network will also serve as the platform for educational innovation at the campuses, for example through the use of WebEX, a system of Internet based 'real time' video and

collaboration. The provision of these technologies will allow students and staff to connect with other students and teachers in Australia and around the world.

Wireless access to laptops in all classrooms and wireless handsets for all staff will eliminate physical barriers and provide students, teachers and administrators with increased access to resources wherever they are located.

Telstra has enhanced the existing network capacity including the installation of optic fibre near Djarragun College and a frame relay circuit at Wangetti. High speed broadband will provide the students access to a wealth of information, multimedia and rich video content.

The Djarragun College project was the brainchild of the Cisco Australia and New Zealand Civic Council, Cisco's corporate social responsibility arm in Australia and New Zealand.



Mobile phones and health

At Telstra, we want all consumers to have up-to-date and relevant information about using mobile phones, including all matters of mobile phone safety.

Telstra offers information about mobile phones, mobile technology and electromagnetic energy (EME) on our website. We take all matters of safety very seriously and only sell mobile phones that meet national and international safety requirements and standards.

Research into EME, mobile phones and health has been going on for many years now. Telstra relies on the expert advice of a number of national and international health authorities including the World Health Organisation (WHO) for overall assessments of health and safety impacts.

The current advice from the WHO is that “the overall evidence available to date does not suggest the use of mobile phones has any detrimental effect on human health...” (World Health Organisation: <http://www.who.int/peh-emf/about/WhatisEMF/en/>). We will provide our customers with updates from the WHO as they become available.

In reviewing the overall cancer incidence rates, the International Agency for Research on Cancer (IARC) stated in the World Cancer Report late last year: “After 1983 and more recently during the period of increasing prevalence of mobile phone users, the incidence has

remained relatively stable for both men and women.” (IARC World Cancer Report December 2008 p.461)

If you have concerns, there are some simple steps you can take to reduce exposure to EME from the use of a mobile phone:

- + use a personal or bluetooth hands-free kit, or a speaker phone option to keep mobile phones away from the head and body;

- + send text messages rather than making calls; and

- + keep call duration to a minimum.

To find out more about mobile phones and health visit www.telstra.com/eme or email us at: eme.enquiries@team.telstra.com.



Base stations and electromagnetic emissions

Telstra acknowledges there is some community concern that exposure to low levels of EME from our telecommunications base stations could lead to adverse health effects.

Telstra places high importance on effective and responsible management of EME issues. In 2008/09, Telstra:

- + participated in the development of a video released by the Mobile Carriers Forum. The video, called Mobile Networks in the Environment, provides details on base station safety and how mobile networks are deployed in the community, including why base stations need to be built near users (see the video at www.mcf.amta.org.au/forms/mcf/movie/slideshow_m1D.aspx); and

- + completed 344 mobile infrastructure projects consisting of 84 new development applications and 260 Australian Communication Industry Forum consultation proposals. Our proactive community engagement programs continued to result in a very low number of complaints. The Australian Communications and Media Authority confirmed that they received two complaints regarding Telstra proposals in 2008/09.

Each year, Telstra publishes information on the Radio Frequency

National Site Archive as part of our transparent approach to EME and telecommunications. This includes updating the archive to reflect new and modified sites and site audit outcomes. In 2008/09, Telstra published the following updates:

- + 4,355 Environmental EME Reports;
- + 3,237 EME Compliance Certificates; and
- + 3,736 Radio Communications Site Management Books.

Telstra provides detailed EME information at www.telstra.com/eme.

Cyber safety and security

At Telstra, we take our responsibility as a trusted internet services provider seriously.

We work with industry, government, community organisations and internet users to address the range of evolving online risks and to develop measures that promote online safety. We are strongly committed to minimising the risks that our customers face online. This continuing commitment is reflected in our retail product offerings and customer communications and awareness programs.

In October 2008, Telstra appointed an Officer for Internet Trust and Safety to chair a cross-company working group with responsibility for delivering a coordinated focus on cyber safety issues including internet filtering, online child exploitation, cyber bullying, online scams and identity theft.



In 2008/09, the Internet Trust and Safety Working Group:

- + developed a comprehensive company-wide plan to align Telstra's cyber safety activities including regulatory, government relations, customer experience and education;
- + engaged Telstra in Government awareness and safety campaigns including Safer Internet Day and National e-Security Awareness Week; and
- + provided advice to the federal government on priorities and measures that help protect children

from cyber bullying, identity theft and exposure to illegal content when online. Telstra's Officer for Internet Trust and Safety was reappointed as a representative to the government's Consultative Working Group on Cyber Safety.

In addition, the Telstra Foundation's Spotlight on Cyber Safety program continued to support the online safety and wellbeing of children and young people, with grants to community organisations. The program supports projects that build resilience, teach online safety and deliver initiatives to support youth cyber safety. In 2008/09, the Telstra Foundation:

- + announced a further \$3 million contribution over three years towards its Spotlight on Cyber Safety program, bringing the value of its investment in youth cyber safety to \$6 million over six years;
- + launched SuperClubsPLUS Australia, a safe and protected

social network for six to 12 year old children. Supported by the Telstra Foundation with a grant of \$1.5 million over three years, SuperClubsPLUS Australia has over 87,000 Aussie kids registered, connecting with each other and learning how to keep safe online (visit www.superclubsplus.com.au); and

- + participated in the Technology and Wellbeing Roundtable, which brings together thought leaders to share insight into how technology can be an enabler of wellbeing for young people and to develop and promote best practice.



Performance and commitments

Report on planned actions 2008/09

Planned actions	Progress	Outcome
Deploy enhanced HSPA+ (High Speed Packet Access Plus) as a national software upgrade to increase peak network downlink speeds across our national Next G™ network from the current 14.4Mbps to 21Mbps ² by the end of 2008.	On 24 December 2008 the Next G™ network became the first mobile network in the world to activate enhanced High Speed Packet Access Plus (HSPA+) technology.	✓
With support from the NT Government and Rio Tinto Alcan, Telstra will roll out 800kms of fibre to connect nine northern Arnhem Land indigenous communities and the township of Nhulunbuy to the nation's fibre optic backbone.	Telstra successfully rolled out over 800kms of optical fibre through Arnhem Land connecting the township of Nhulunbuy and five mainland indigenous communities providing access to world class, high speed broadband and a range of other advanced communications solutions.	✓

✓ Achieved ◐ Partially achieved ✗ Did not achieve

Planned actions 2009/10

- + Create a Telstra cyber safety website to provide a central, dedicated education and awareness resource with information and tools for Telstra customers, employees and the general public.
- + Upgrade the Next IP™ transmission network between Melbourne and Sydney to 40 Gigabits per second.
- + Continue to upgrade Next G™ Ethernet backhaul to regional cities and towns as well as to approximately 2,000 rural and remote sites.
- + Commence deployment of the next evolution of HSPA+ Dual Carrier technology in the Next G™ network.

² Peak network downlink speed. Actual customer download speeds will be less and will vary due to traffic loading, distance from the cell, local conditions, hardware, software and other factors.

Customer service



Our vision is to know our customers and meet their needs better than anyone else.

Stuart Lee
Executive Director, Telstra Program Office

Q&A

Q: Why is improving customer satisfaction a key priority for Telstra?

A: We understand that high standards of customer service are absolutely necessary to drive customer satisfaction and customer loyalty, which in turn build the future success of our business. Day to day feedback from our customers and frontline staff, and growth in the level of customer complaints, tells us that our customers are not always getting the standard of service they expect.

Q: What is Telstra doing to improve customer service?

A: Whether we are installing a service, fixing a fault, serving at a store visit or dealing with a complaint or billing enquiry, we need to make every interaction with our customers count.

We are working on giving our employees the tools and training they need to resolve our customers' service issues quickly and effectively.

Telstra now has a corporate-wide customer service and satisfaction

improvement program underway, led by a senior executive. Our activities are focused on strategy, operational improvement, people and communications, and metrics. Importantly, we have developed key service and satisfaction measures and targets that strongly reflect the customer's actual experience. We surveyed our customers and determined a baseline result for satisfaction of 6.5. This is a mean score based on customers rating us from 0 to 10. A target of 6.7 has been set for the company to achieve by the end of June 2010. This applies across three key customer groups – Consumer, Business and Enterprise & Government. As an incentive to help drive this improvement, most Telstra employees will receive a Customer Satisfaction Bonus if the target is met.

Q: How does Telstra make sure its products and services meet the needs of its diverse range of customers?

A: Telstra conducts extensive market research from the needs-based segmentation analysis, which underpins

our Market Based Management approach, through regular surveys of customer attitudes and satisfaction, to immediate feedback on specific transactions. Research includes direct hands-on interactions through our purpose-built Customer Experience Centre, and we have a dedicated User Interface design team within our Product Management group.

Our T[life][™] shops provide customers with the opportunity to use and experience Telstra's full range of integrated products and services and receive one on one expert advice. We organise a range of consumer forums such as the Telstra Disability Forum and the Low Income Measures Assessment Committee. Telstra Country Wide (TCW) provides a local face in regional, rural and remote areas of Australia, participating in local events and getting to know our customers' needs. And this year, we ventured into social media, launching a new site called Know How on YouTube to show people how to use the full range of features on their mobile phones.

Keeping Australia connected

Telstra offers a full range of products and services to meet the needs of our customers.

Our telecommunications services provide vast geographical coverage through both our fixed and mobile network infrastructure – servicing many millions of Australian customers.

In 2008/09, Telstra:

- + handled 4.8 billion local calls, 6.6 billion national long distance minutes, 3.3 billion fixed-to-mobile minutes and 8.9 billion text messages;
- + provided 9 million fixed line and 10.2 million mobile services, including wholesale services;
- + handled more than 60,000 calls in our contact centres each day;
- + operated and maintained more than 11,000 telephone exchanges;
- + people and contractors, on average, completed around 23,000 customer service jobs (new services and fault repairs) a day;
- + managed more than 95 million bills;
- + supplied products and services at more than 13,000 customer points of presence across Australia, including 124 company-owned Telstra shops, 169 licensed Telstra shops and more than 600 authorised dealers;



- + opened 22 Telstra Business Centres across Australia; and
- + opened or refreshed 79 T[life]™ stores across Australia.

Improving customer satisfaction

Improved customer service is a key driver of customer satisfaction and loyalty, and fundamentally impacts the future success of the business.

Our customers understandably expect high standards whenever they deal with Telstra.

While there are a lot of things we get right, we recognise that our service does not always meet customer expectations. As a company, we are on an important journey to earn the loyalty and support of all our customers by providing them not only with world-leading products but also great customer service.

In 2008/09, Telstra increased its focus on using different ways to ensure we obtain clear 'voice of the customer' feedback. In addition, we conducted analysis on



various parts of our operations to better understand the experiences and needs of our customers. As a result, several initiatives to improve our customer service have been implemented. These include:

- + establishing a Corporate Complaints Group to manage our relationship with the Telecommunications Industry Ombudsman to assist with reducing the number of escalated complaints and eliminating the sources of poor customer experience;
- + implementing an Employee Complaint Referral Process to help customers with serious unresolved complaints that are known to employees;
- + setting up appropriate internal idea gathering forums to harness the extensive insight our own staff have into ways we can serve our customers better;

- + appointing a Director, Customer Service - a new position to develop and manage a new company wide program to improve customer satisfaction and coordinate all customer service initiatives across the company; and
- + establishing a Customer Satisfaction Council with senior representatives from across the business who will focus on critical customer experience issues, determine priorities and resolve escalated issues, monitor and measure customer service performance, and ensure delivery of improvement plans.

IT transformation

Telstra is in the fourth year of a five year transformation program, an element of which is the simplification of our Information Technology (IT) systems and processes. Our goal is to make customer transactions as efficient and productive as possible. This is one of the largest technology transformation projects ever undertaken by an Australian corporation and, given its scale and complexity, has presented a number of challenges. Despite this, the IT transformation program is progressing well and to date has achieved significant benefits for our staff and customers. As at 10 August 2009, achievements included:

- + 9.2 million customers now on the new customer care and billing systems - a total of 17.7 million services now operate from the new systems;
- + over 10.4 million orders processed - our IT systems process 55,000 customer orders every working day;
- + 60 million bills issued - our IT systems issue 185,000 consumer bills every working day;

- + 239 million call event records processed per day; and
- + 18,000 Telstra staff trained to use the new systems – over 370 hours of training content over 220 individual training modules.

Customer service

Engaging with our customers to understand their needs and wants is fundamental to business success – it helps us to provide a more targeted and personalised experience for our customers. In 2008/09:

- + 79 T[life]™ stores were opened or refreshed across Australia. This includes 14 new stores, 46 refurbishments and 19 relocations;
- + Telstra Mobile Mentor Program delivered over 11,500 face to face and phone sessions and over 23,500 My-place consultations were delivered;
- + Telstra employees participated in 1,157 local events across the country, including 177 field days, 213 town visits, 276 expos, 239 product demonstrations and 252 other local events and activities as part of the Community Advocacy Program;
- + Telstra launched a new site called Know How on YouTube to show people how to use what can be a confusing array of features on their mobile phones (see www.youtube.com/telstra); and
- + Telstra Enterprise & Government Customer Care was ranked in the top five per cent of Certified Customer Service Organisations, with reaccreditation by the Customer Service Institute of Australia and certification at Full Integration Level, measured against the International Customer Service Standard.

Privacy

Telstra has performed well in an environment where there are new and pervasive technologies constantly being offered to consumers, where marketing is more directed and where consumers are increasingly concerned about their privacy. In 2008/09:

- + privacy complaints and/or incidents that Telstra has dealt with regarding marketing, access to information, accuracy of data and disclosure of information, remained relatively stable;
- + all privacy complaints and/or incidents were appropriately addressed and managed to resolution within Telstra - no privacy complaints or incidents were escalated to a judicial decision level;
- + Telstra actively participated in a consultative and advisory capacity to the Australian Law Reform Commission’s review of Australia Privacy Law, as well as contributed as a major stakeholder to the Privacy Subgroup of Asia Pacific Economic Cooperation (APEC) on the implementation of its privacy framework; and
- + Telstra was named as the winner of the Large Business Award category in the inaugural Australian Privacy Awards program launched by the Australian Federal Privacy Commissioner.

For more information visit www.telstra.com.au/privacy.





Disaster relief

In 2008/09, Telstra provided support to thousands of customers and many communities across Australia affected by devastating floods, bushfires and natural and civil disasters including:

- + severe storms, Brisbane (November 2008);
- + floods, North and Far North Queensland (February 2009);
- + bushfire, Bridgetown, WA (January 2009);
- + bushfire disaster, Victoria (February 2009);
- + floods in northern New South Wales and Queensland (May 2009);
- + Middle East violence, Gaza (January 2009); and
- + earthquake in Italy (April 2009).

Victorian bushfires

One hundred and seventy three lives and thousands of Victorian properties were lost after ferocious winds and mid-forty degree temperatures caused bushfires to tear through regional communities on 7 February 2009, now known as Black Saturday.

Telstra's mobile and fixed networks were put under enormous pressure but proved to be quite resilient to the catastrophic conditions. Telstra technicians were quickly deployed to repair damaged

infrastructure, re-connect households and establish additional mobile coverage in remote areas using transportable Cells on Wheels.

Telstra's team in the 000 Call Centre were at the forefront of the response, working tirelessly to manage the unprecedented call volumes from frantic residents across the state, and to direct calls to relevant emergency organisations in a timely and effective manner.

Telstra Country Wide employees were deployed to emergency relief centres established across Victoria to help customers affected by the fires. As an example of practical assistance, Telstra distributed more than 1,000 mobile handsets free of charge and set up more than a dozen free internet kiosks at community centres across the state. Telstra waived bills for thousands of customers affected by the fires and supported communities by converting 60 payphones in bushfire affected regions so they provided free local and STD calls.

In a further goodwill gesture, Telstra and our people contributed more than \$1.5 million to the Victorian Bushfire Appeal, while employees volunteered to work in Telstra call centres that were used to

coordinate public pledges of support.

Since the fires, Telstra has invested over \$15 million to repair and upgrade its networks in affected areas, including establishing four new exchanges in Marysville, Narbethong, Kinglake and Kinglake West, and to build new mobile network base stations to provide permanent and improved mobile coverage to areas such as Strathewen, St Andrews and Arthurs Creek.

As a further response to the devastating fires, Telstra designed and built the first Mobile Exchange on Wheels (MEOW), which is a fully functional telephone exchange specifically designed to provide communications to disaster areas.

Digital inclusion

At Telstra, we recognise the diversity of our customers and the significant contribution that telecommunications networks, products and services make to people's lives and to community wellbeing.

Low income

Established in 2002, the Low Income Measures Assessment Committee provides independent advice on how Telstra can provide services to customers on low incomes. The Committee, which includes senior representatives from national community organisations, guides Telstra's Access for Everyone package. In 2008/09, Telstra:

- + provided assistance to more than one million low-income customers to connect or maintain their communications services. The total benefit provided exceeded \$180 million;
- + commissioned and launched the report *Telecommunications and wellbeing: A review of the literature on access and affordability for low-income and disadvantaged groups*; and
- + extended the Bill Assistance Program to Telstra mobile and Internet bills issued by our new billing system (recognised by 13 digit account numbers).

People with disability

Telstra is committed to making communication accessible and affordable for all our customers, including older customers and customers with disability. To improve and promote accessibility in 2008/09, Telstra:

- + conducted an internal mid-term review of its Fourth Disability Action Plan 2007-09. Of 43 actions arising from 16 separate issues in the Plan, eight were completed



or significantly improved and maintained; 23 were maintained or maintained and improved; 11 were in progress, and one had not yet been started;

- + strongly advocated for a whole of Government social inclusion approach to ensure affordable access to telecommunications for all Australians in our submission to the Federal Government's Feasibility Study into an Independent Disability Equipment Program;
- + contributed, through our leadership role as Chair of the Australian Mobile Telecommunications Association Accessibility Committee, to the development and Australian launch of the Global Accessibility Reporting Initiative (see www.mobileaccessibility.info/); and
- + developed and launched a web-based search engine on our Intranet to enable our consultants to search for accessible features of mobile devices ranged by Telstra and assist our customers select a mobile phone that suits their specific needs.

For more information visit www.telstra.com.au/disability.

Telstra Connected Seniors®

Telstra Connected Seniors® continues to support community groups with membership primarily in the 60 plus age bracket and aims to educate and stimulate the use of mobile phones and the internet by running training events in a fun, friendly peer environment.

By the end of 2009, Telstra Connected Seniors® will have assisted 45,000 older Australians to feel a sense of accomplishment by getting online and using their mobile phones. The program, delivered in a familiar environment, helps to overcome the barriers to engaging with new technology by showing seniors what a difference these devices can make to their lives. Funding is provided to community groups to conduct hands-on how-to-use your mobile phone and internet training activities. In 2008/09:

- + over \$640,000 of grant funding was provided to 79 community organisations, bringing the total contributions since the program's inception in 2007 to \$1.3 million to 188 community organisations;
- + the 19 education modules specifically written for Telstra Connected Seniors® were redesigned to improve training quality and outcomes. This included demonstration of the new Telstra EasyTouch® Discovery mobile handset, custom-designed for seniors;
- + every grant round was oversubscribed and most grant recipients reported training a higher volume of seniors than they anticipated, proving that this program is meeting a need in the community; and
- + 34 Telstra Connected Seniors® training events were conducted in our T[Life]™ stores in Sydney and Melbourne.

For more information visit www.telstraseniors.com.au.

CASE STUDY – TELSTRA EASYTOUCH DISCOVERY® MOBILE PHONE MEETS THE CHALLENGE

An estimated 20 per cent of our population - four million Australians - live with disability. Further, over six per cent, or 1.2 million people, have profound or severe 'core activity limitation', which impacts their daily lives. The rate of disability increases with age, so while only 18 per cent of people aged 35 to 54 have disability, this increases to 45 per cent for those aged 65 to 74, to 63 per cent for those aged 75 to 84 and to a staggering 82 per cent for people aged 85 and over. With an ageing population, these numbers are only expected to increase over the coming years.

For people with disability and for older people, operating a mobile phone can be difficult due to small buttons, small screen fonts and sometimes complex menus. Their representatives requested

a simple, easy to use mobile phone from Telstra.

In November 2008, following extensive market research and input from a wide range of stakeholders, including older customers and Telstra Disability Forum members, Telstra launched The EasyTouch® Discovery mobile handset.

This phone is more accessible than most on the market for people with disability and older people. This device is easy to use, with a large keypad with big, separate buttons and high contrast numbers, a large, easy to read screen display and menu layout, and one touch message. Accessibility is further enhanced with audio feedback of numbers as they are pressed on the keypad, raised pip on the number '5' for keypad orientation, slip resistant back so numbers can be keyed in with the

phone on a flat surface and flip-phone style with bevelled edges for easy opening.

Independent laboratory tests also confirmed that the EasyTouch® Discovery has excellent Hearing Aid Compatibility ratings on both microphone and telecoil settings, when used on Telstra's Next G™ network. This is an important consideration for the 450,000 Australians who have hearing aids.



Telstra EasyTouch® Discovery phone

CASE STUDY – COUNTRY WOMEN'S ASSOCIATION OF NEW SOUTH WALES



Judy Buddle is now confident in using her mobile phone. Photo courtesy of the Daily Liberal

Over 11,000 women belong to one of over 430 local branches of the Country Women's Association (CWA) of New South Wales (NSW). The CWA is a diverse and multicultural organisation that gives women a voice, as well as practical help and support. It encourages and fosters

the growth of its members through networking, friendship and service, develops skills such as leadership and communication, and researches and debates issues affecting the local and wider community.

Thanks to a Telstra Connected Seniors® grant of \$55,000 to run technology workshops, more than 5,900 seniors and 24 volunteer trainers from 22 CWA groups have learnt how to stay in touch with family and friends by making use of training for mobile phones and the internet.

At the workshops, members and the broader community learnt to use new technology at their own pace in a fun, relaxed environment. They gained confidence to communicate in new ways and to use their new found skills to pursue hobbies and interests.

By enabling the Country Women's Association of NSW to present information to their members in new formats such as email, the Telstra Connected Seniors® program has

helped to foster a stronger connection between head office, local branches and members, regardless of their location.

The Telstra Connected Seniors® program has also impacted the wider community by enabling CWA volunteer trainers to develop skills and confidence that can transfer into other areas of local work and their daily lives.

Margaret Roberts, State President of the Country Women's Association of NSW, said the members were no longer afraid to use their mobile phone or the internet.

"They felt more confident in their use of mobiles and the internet after the training and wanted to continue learning. Participants felt more empowered at the end of each training session. The volunteer trainers also felt it gave them the opportunity to meet more members and they felt a sense of personal satisfaction at having delivered the training successfully. Bringing smaller communities together with a common interest created a stronger community focus," Margaret said.

Rural and regional

Telstra Country Wide (TCW) is the local face of Telstra in regional, rural and remote areas of Australia. TCW's mission is to meet the often unique telecommunications needs of regional Australia while at the same time contribute to its economic and social development. Established in 2000, TCW set out to decrease the metro-country divide, increase internet availability in regional areas, improve mobile coverage and improve service delivery.

In 2008/09, Telstra:

- + enabled ADSL2+ in 421 exchanges across Australia with the vast majority of these upgrades occurring in regional and remote areas;
- + built 283 Next G™ coverage sites across Australia, including 107 in regional or remote locations; and
- + signed an \$85 million agreement with the Australian Rail Track Corporation to provide an additional 77 base stations along regional rail corridors across Australia.



CASE STUDY – TRADITIONAL OWNER CONSULTATION RECOGNISED

In December 2008, Arnhem Land Traditional Owners celebrated Telstra laying over 800km of fibre optic cable across the Top End of the Northern Territory from Jabiru to Nhulunbuy. Telstra crews involved in the project met tight timeframes, completing the job in a little over three months – just prior to the onset of the Territory's often cyclonic wet season.

Now five mainland Aboriginal communities and the township of Nhulunbuy, approximately 8,000 people, are connected to the nation's fibre optic backbone.

During 2009, an additional 190 kilometres of fibre optic cable, as well as five radio systems, are being installed by Telstra's Top End crew to provide high speed broadband access to four additional island communities. As a result of this work, a further 2,000 people living in these remote island communities will also be connected.

The \$34 million investment in Arnhem Land, a joint venture between Telstra, Rio Tinto Alcan and the Northern Territory Government, is also an investment in local Arnhem Land communities – their health, safety, education and entertainment.

The laying of cable has meant five healthcare centres are now connected to broadband services, enabling the

centres to use video conferencing to consult with other health care providers across Australia and send scans to test for diagnosis.

In addition, the internet access for eight schools across Arnhem Land has now moved from 256kbps up to 20Mbps and a further four will be enabled when the project is completed. Students in these remote communities will now have access to classrooms online, providing the same range of subjects and quality of learning options as kids in the city.

Years of consultation, including community meetings and detailed negotiations with individual Traditional Owners in partnership with the Northern Land Council, preceded the project's commencement. Traditional

Owners expressed their appreciation of Telstra, recognising "best ever" consultation.

As a result, Telstra was able to identify talented local people to assist with monitoring works near sacred sites. Local expertise was highly valued with Telstra employing around 130 Arnhem Land locals as monitors, truck drivers, backhoe operators and engaged in civil works.

Telstra's work on the project was recognised in March 2009 with the prestigious Australian Telecommunications Users Group 2009 Excellence Award for 'Best Communications Initiative – Large Business'.



Arnhem Land cable

Indigenous communities

Telstra's Indigenous Directorate was established in 2005 to work with government and stakeholder groups to coordinate improvements in telecommunication products and services for remote Indigenous communities across Australia.

In 2008/09, Telstra:

- + laid over 800km of fibre optic cable from Jabiru to Nhulunbuy in the

Northern Territory connecting five mainland Aboriginal communities and the township of Nhulunbuy, to the nation's fibre optic backbone;

- + installed 20 robust cashless phones in remote Indigenous Northern Territory communities, taking the total number of community phones across Australia to 236;
- + continued to provide an Indigenous Hotline (1800 444 403) for Indigenous customers. The calls

are answered by a specialist team that understands the unique issues confronting remote communities; and

- + continued to provide Telstra's Country Calling products specifically designed for Indigenous communities, with dedicated lines and cards available for community members at reduced rates.

Performance and commitments

Report on planned actions 2008/09

Planned actions	Progress	Outcome
Build on the success of our world class T[life]™ stores by opening or refreshing more than 80 T[life]™ stores across Australia, to provide a retail experience like no other for our customers.	In 2008/09, 79 T[life]™ stores were opened or refreshed across Australia. This includes 19 relocations, 46 refurbishments and 14 new stores.	✓
Extend the Telstra Bill Assistance Program to cover mobile and internet bills to recognise the changing nature of communications usage among low-income Australians.	The Bill Assistance Program was extended in December 2008 to Telstra mobile and internet bills issued by our new billing system. This will be completed in 2009/10 as Telstra migrates all of its residential customers.	✓
Provide a web-based inquiry form for information about accessible features of Next G™ mobile handsets to enable people with a disability to choose the right mobile handset for their needs.	Telstra contributed to the development of the Global Accessibility Reporting Initiative, a new web-based information search engine to assist people with disability to choose the right mobile phone to meet their needs. In addition, we developed a complementary web-based search engine on our Intranet to enable our consultants to search for accessible features of mobile devices ranged by Telstra to assist customers choose a mobile phone that suits their specific needs.	✓

✓ Achieved ⊖ Partially achieved ✗ Did not achieve

Planned actions 2009/10

- + Increase customer satisfaction across three key customer groups (Consumer, Business and Enterprise & Government) from 6.5 to 6.7 (mean score out of 10).
- + Investigate opportunities to improve pre-paid calling services for Indigenous communities, people who are homeless and people experiencing financial hardship.
- + Commission an independent external review of Telstra's Fourth Disability Action Plan for the first quarter 2010.
- + Open a further 50 T[life]™ stores across Australia to provide an improved retail experience for our customers.
- + Open a further 40 Telstra Business Centres across Australia.

Employee engagement



Telstra offers a safe and supportive environment, where employees are valued and have the opportunity to reach their full potential.

Andrea Grant
Group Managing Director, Human Resources

Q&A

Q: Telstra has a target to increase employee engagement by one per cent in 2009/10. Why is employee engagement critical to Telstra?

A: Our aim is to create a workplace where our people have the opportunity to be the best they possibly can be. We pride ourselves on being an employer of choice and recognise that we can only attract and retain the best people for the job by offering leading terms and conditions. We are focussed on creating the right culture, and on providing development opportunities and fair processes to foster a workplace that delivers exceptional customer service, value for our shareholders, and rewards our people for doing a great job.

Q: What measures have been put in place to reward excellent performance in customer service?

A: Getting our customer service right requires the full commitment of every

Telstra employee. We have introduced a number of key actions over the past few months, all aimed at improving customer service. As an example, Telstra is investing millions of dollars more in training for our customer service consultants, and we have introduced a new Customer Satisfaction Council. We also recently announced a Customer Satisfaction Bonus that Telstra employees will receive if we achieve the customer satisfaction targets that have been set.

Q: What does the new Fair Work Australia legislation mean for Telstra's relationship with its employees?

A: Telstra has committed to good faith bargaining with eligible employees who are on an Enterprise Agreement and expired Australian Workplace Agreements. We have taken this first step towards reaching an agreement that is fair, that rewards employees for excellent performance and that

enables us to meet our customers' expectations and remain competitive in the marketplace.

On 1 July 2009, Telstra, the ACTU and the communications industry unions agreed on a set of important principles that commit all parties to a productive working relationship. This principles agreement recognises that, amongst other things, Telstra offers its employees industry leading pay and conditions.

Telstra and unions have committed to bargaining in good faith under the new Fair Work laws towards the objective of a new enterprise agreement as soon as practicable. At the time of this report, negotiations for a new agreement are continuing.

Human capital development



Employment

As at 30 June 2009, Telstra employed 43,181 full time equivalent employees, agency and contractor staff including staff employed directly by Telstra Corporation, our domestic controlled entities and our offshore controlled entities. This equates to a decrease of 7.4 per cent or 3,468 full time equivalent employees during 2008/09. This reduction was part of the forecast Telstra provided in November 2005 as part of its three to five-year strategy announcement.

Telstra Corporation directly employs 30,336 employees (excluding casuals, controlled entity-paid employees, agency and contractor employees).

Employment

Total workforce*	43,181	Full time, part time, casual, agency and contractor FTE staff in Telstra Corp domestic and offshore controlled entities
Full time staff and equivalents	39,464	Total workforce minus agency and contractor staff
Domestic full time staff	31,662	Full time staff in Telstra Corp and domestic controlled entities, including Sensis
Telstra-paid staff**	30,336	Full time and part time staff paid by Telstra Corp, excludes casual staff, all controlled entity-paid staff, agency and contractor staff

* The Total workforce definition is used in our reporting of learning and development

** The Telstra-paid staff definition is used in our reporting of diversity, performance management, employee engagement and health, safety and environment statistics in this report.

Approximately 69 per cent of employees are employed on individual contracts. The remainder are employed under collective agreements, including Telstra's Employee Collective Agreements made in the 2008/09 financial year.

Some 78 per cent of employees on individual agreements are eligible for performance-based pay.

Incentive arrangements have been extended to include employees on Telstra's Employee Collective Agreements.

Talent acquisition

In 2008/09, Telstra's Employee Value Proposition was developed through

significant internal and external research. When we asked people external to Telstra what they perceived it was like to work here, 50 per cent said they didn't know enough to comment and the other 50 per cent said they view Telstra as large, monolithic, inefficient, conservative, inflexible, not progressive, limited and impersonal, with boring career opportunities.

We wanted Telstra people to tell our story of what it is really like to work at Telstra and why we should be considered a great career destination, so we asked our people - what makes it great to work at Telstra? Some of the responses included:

- + being part of a company that impacts the lives of Australians more than any other;
- + my career can take many directions. As the company grows and transforms, so can my opportunities;
- + I'm surrounded by great mates; and
- + my work is a part of the future, in a company that does things no other can.

Using this information, we developed and launched a fresh Telstra employment brand, which is strongly represented in the look and feel of our new careers site and job advertising.

It's all about our people telling the Telstra employment story. See <http://careers.telstra.com>.

Streamlining recruitment supplier panels

In partnership with IBM Procurement, Telstra completed a detailed and rigorous review of our recruitment supplier panels, including a full tender process. This resulted in the creation of a new recruitment suppliers panel to address both the general and specialist needs of Telstra's job families for each business unit.

As a result of the tender process, a single consistent contract with a number of selected recruitment providers was established in April 2009. These arrangements support the recruitment needs of all IT, non-IT, technical blue collar and temporary agency staff. This initiative has reduced the number of panel suppliers, updated contract terms and removed the expense created by the use of non-preferred suppliers.

Telstra Careers Centre

In October 2007, Telstra launched a central, in-house careers centre to manage the end-to-end recruitment process for all internal and external permanent, fixed term, casual and agency recruitment. We have continued to consolidate and improve this centralised recruitment model following its first full year of operation and are pleased to announce that this process was completed in June 2009.

Employee engagement

Following the last Employee Engagement Survey (EES) in 2008, a decision was made by the senior leadership team to conduct the next company-wide EES in the first half of 2010. This allowed a better opportunity for senior leaders and workgroup managers to respond to EES feedback,

and to implement business unit and local actions throughout 2008/09 that drive improvement in all survey categories.

A number of business units conducted local pulse surveys in the fourth quarter of financial year 2009. Interim employee engagement results showed improvement at a business unit level of between one and five percent.

Performance management

Telstra's performance management system focuses on expected standards of performance and leadership behaviours. In 2008/09:

- + 87 per cent of eligible employees reported having an annual performance review discussion (down by three per cent);
- + 93 per cent of eligible employees reported having a half yearly performance review discussion;
- + two new online people manager skill building modules were developed and launched to improve effective feedback and performance planning; and
- + over 5,700 managers completed the online modules by the end of the half-year review (February 2009).

Learning and development

In 2008/09, Telstra's learning and development achievements included:

- + an investment in learning and development in excess of \$104 million representing around \$2,800 per employee;
- + 649,274 online learning courses completed through Learn.Achieve;
- + over 2,000 employees participated in Frontline Leadership programs;
- + 23 employees participated in the Telstra Executive Leadership program;

- + 227 new or enhanced job-specific training courses were developed by the Telstra Learning Academy; and
- + the Telstra Learning Academy won the Organizational Management Excellence category of the prestigious US-based Bersin & Associates Learning Leaders award program in January 2009.

In 2008/09, Telstra learning and development initiatives included:

- + the enhancement of Telstra's existing capability framework to include 'Organisational Capabilities' – seven specific capabilities we need to deliver on our business strategy. The overall capability framework now covers three distinct areas: leadership (individual); technical (business unit specific); and organisational (Telstra wide);
- + the completion of two further modules of the Frontline Leader Programs, creating an end-to-end Leadership Program. The new modules, entitled Developing the Team and Business Acumen, will play an important role in supporting the new organisational capabilities; and
- + the launch of the Telstra Senior Leaders pilot program in April 2009. This program targets mid-level leaders and 48 attendees are currently part-way through a trial within Telstra's Network & Services business.





Promoting diversity

Telstra aims to have work environments that promote diversity and are free of unlawful discrimination.

Having a diverse range of employees ensures our workforce reflects Australian society and better enables us to represent and respond to the needs of our customers.

Established in 2006, the Telstra Diversity Council provides governance for Telstra's diversity program. The Council is chaired by the CEO and includes six of Telstra's Group Managing Directors. Taskforces for each of Telstra's seven diversity priorities, each led by a Council member, support the development, implementation and measurement of diversity initiatives across the company.

Our diversity priorities are age balance, gender, cultural diversity, disability, Indigenous, sexual orientation and gender identity and work-life flexibility.

Achievements in 2008/09 included:

- + Telstra's Sage Centre, an online resource tool kit, was designed

specifically to help Telstra's people benefit from an ageing workforce;

- + the appointment in May 2009 of Ms Catherine Livingstone as Telstra's first female Chair, heralding a new status for women's representation and leadership at our company. Ms Livingstone has been a member of the Telstra Board since 2000;
- + an increase in the number of women in executive management and senior management roles of 4.6 per cent and 3.2 per cent respectively;
- + the distribution of the Diversity Days Multicultural Calendar, which lists a range of cultural and religious events, to all Telstra managers as a reference for assessing requests for cultural leave days;
- + conducting the Partnership Training

Program in Perth, Townsville and Melbourne in conjunction with Commonwealth Rehabilitation Service Australia. The program provides work experience to persons with disability at Telstra with the potential aim of moving them into full time employment. In 2008/09, six new employees took up roles in our contact centres following their initial work-based training program;

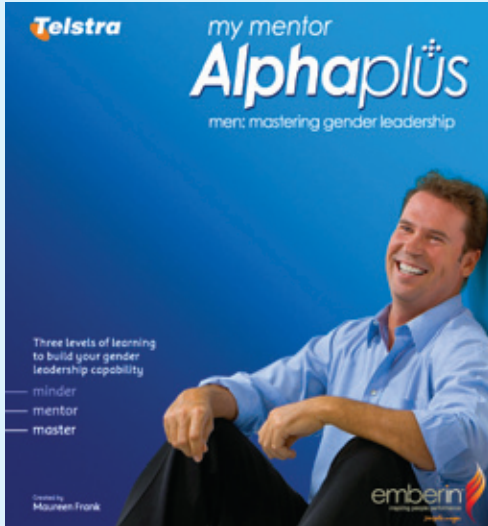
- + offering Indigenous employees opportunities including six traineeships in Telstra Country Wide, six traineeships and two graduate positions in Telstra Enterprise and Government, 13 roles in Telstra Consumer Marketing and Channels and 24 traineeship and post-traineeship opportunities in Telstra Networks & Services;
- + the launch of Spectrum Network, a network for Telstra's gay, lesbian, bisexual, transgender and intersex employees and supporters, in December 2008. Spectrum, which now has almost 200 members across the company, provides networking opportunities and promotes positive and inclusive workplaces within Telstra; and
- + the launch of a Teleworking Policy, which aims to enable managers and other employees to effectively manage teleworking arrangements in order to promote work-life balance and maintain business needs.

Workforce diversity

	2008/09	2007/08	2006/07	2005/06	2004/05
Telstra paid employees	30,336	31,102	33,002	34,551	37,087
Women	29.92%	30.62%	30.9%	30.56%	30.59%
Aboriginal and Torres Strait islander	0.44%	0.43%	0.47%	0.56%	0.60%
Culturally and Linguistically Diverse	5.80%	5.85%	6.28%	8.75%	9.02%
People With Disabilities	1.33%	1.36%	1.16%	1.35%	2.01%

As at 30 June 2009

CASE STUDY – MY MENTOR ALPHAPLUS



“This time, we’re serious. This time we’re really out there to try and make a difference,” is how Crispin Blackall, Operations Manager in Telstra Networks & Services describes Telstra’s groundbreaking approach to the issue of gender diversity through our leadership program, My Mentor Alphaplus.

Men are crucial to gender diversity success at Telstra. Knowing this, we have built on the success in women’s development by leading change in an original and courageous way.

Telstra worked with My Mentor creator and Telstra Business Women’s Award winner, Maureen Frank, to build a world-first program just for men. This program coaches our men to create inclusive and diverse workplaces. It helps them equip their male colleagues to drive change and embed business benefits of diversity.

My Mentor Alphaplus is a self-paced master class in gender leadership, comprising six modules over six weeks with CD, DVD and workbook materials. The modules cover the business case for gender diversity,

the importance of diverse workplaces for Telstra, networking, visibility and mentoring, work-life integration, flexibility and men’s health, career planning and dynamic tips and tools to master leadership of diverse teams for maximum performance.

The program launched at Telstra in November 2008. To date, 760 men have been involved in three rollouts across the company. This includes 86 per cent of the men in our executive team and 48 per cent of our male senior managers.

Telstra is the first organisation globally to implement the My Mentor Alphaplus program to engage men as part of the solution to achieving gender equity. Survey results indicated that after participating in the My Mentor Alphaplus program, 74 per cent of respondents have specifically identified Telstra women to help guide and support in their careers and 94 per cent of respondents said that focusing on gender equity is now a professional goal for them.

Employees by age group

Age range	% of total staff 08/09*	% of total staff 07/08
18 - 24 years	9.84%	7.5%
25 - 34 years	23.94%	24.5%
35 - 44 years	30.58%	32%
45 - 54 years	25.7%	26%
55+ years	9.94%	10%

As at 30 June 2009.

* We have 0.05% of employees who are under 18 years old.

Women in management roles

	30-Jun-09	30-Jun-08	30-Jun-07	30-Jun-06	30-Jun-05
Executive Management	31.3%	26.7%	26.7%	35.7%	11.1%
Senior Management	22.9%	19.7%	23.5%	22.2%	18.6%
Middle Management	27.0%	27.5	27.5	27.6	26.6
Operational	30.9%	31.6%	31.8%	31.2%	31.5%

As at 30 June 2009

Health and safety

Our employees are involved in a wide variety of work practices, from underground cabling and building mobile towers to office work, each with a vastly different set of health and safety standards.

At Telstra, we ensure that the pursuit of excellence in customer service does not jeopardise the safety or health of our employees and contractors.

Telstra's health and safety performance in 2008/09 included:

- + 19 per cent reduction of Lost Time Injuries (LTI) from 2007/08;
- + 15 per cent reduction in the twelve month Lost Time Injury Frequency Rate (LTIFR) from 2007/08;
- + a reduction in the number of open workers' compensation claims, from approximately 1,750 claims in 2007/08, to less than 1,500 claims;
- + a seven per cent reduction in overall workers' compensation forward liability, from \$180.1 million to \$167.7 million since 2007/08;
- + continuous improvement against the Safety, Rehabilitation and Compensation Commission Jurisdictional Indicators - Telstra met all ten of the targets and exceeded nine;
- + maintained the Comcare Tier 3 (highest level) rating for prevention, workers' compensation and rehabilitation;
- + 25 per cent increase in investment in rehabilitation programs; and



- + implementation of the Suitable Employment (rehabilitation) Program.

In addition, Telstra has introduced a mandatory measure of average days lost per Lost Time Injury, to encourage early rehabilitation intervention by providing support and assistance to employees to return to work as soon as they are safely able to do so.

Lost time injuries – field and non field staff

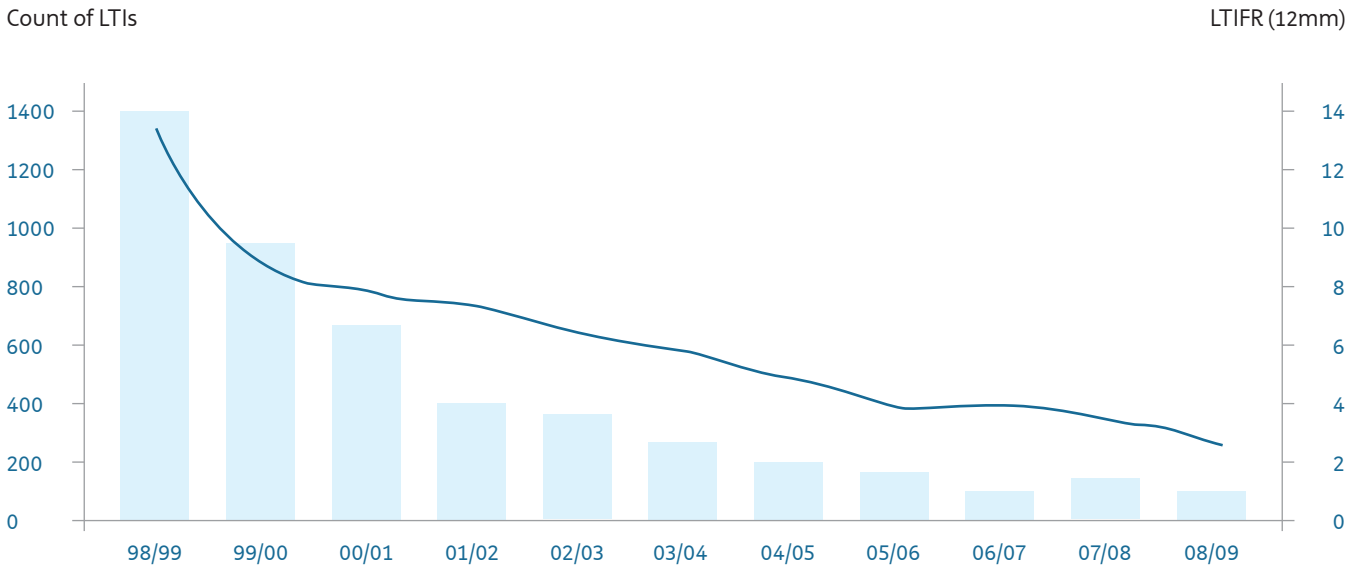
Staff		Common risks and issues	2008/09 No. lost time injuries (LTI)	2008/09 Lost time injuries frequency rate(LTIFR)
Field workforce	Technical field staff	Manual handling, working at heights, driving, electromagnetic energy and working alone.	62	5.18
Non-field workforce	Retail shops, call centres, sales groups and office environments	Ergonomics, emergencies, electrical, stress, driving, customer aggression and noise.	45	1.18
Total:			107	2.14

Audit results - Lost Time Injuries (LTI) & Lost Time Injury Frequency Rate (LTIFR)

Year	% of effective audit results	No of LTI (and % improvement from previous financial year)	LTIFR (12mm) (and % improvement from previous financial year)	Average days lost per LTI (and % improvement from previous financial year)
2008/09	44%	107 (19%)	2.14 (15%)	15.0
2007/08	71%	132 (-14%)	2.54 (-19%)	-
2006/07	88%	116 (26%)	2.14 (21%)	-
2005/06	86%	157 (21%)	2.7 (16%)	-
2004/05	74%	199 (25%)	3.2 (27%)	-

LTI: Lost Time Injury (at least one full shift or day lost). LTIFR: Number of Lost Time Injuries per million hours worked (as of 30 June)

Lost Time Injuries (LTI) v Lost Time Injury Frequency Rate (LTIFR)



LT: Lost Time Injury (at least one full shift or day lost). LTIFR: Number of Lost Time Injuries per million hours worked (as of 30 June)

Mental health and wellbeing

Employees who are mentally and physically healthy are more likely to be engaged, committed and productive in all aspects of life.

Telstra's Health and Wellbeing Strategy provides a comprehensive framework for effective investment in health promotion and prevention activities at all levels of the business.

Telstra's mental health and wellbeing achievements in 2008/09 included:

- + 750 employees participated in Telstra's Resilience Workshops, building awareness of individual risks and strategies to enhance mental, physical and social wellbeing;
- + 940 employees participated in Telstra's Mental Health Workshops since its introduction in 2007, exploring mental illness and building skills and knowledge to successfully manage staff with mental health issues;
- + recognition of our Resilience – Energising Life program, which

was named a finalist for a national Safety, Rehabilitation and Compensation Commission Safety Award, in the category of 'Best Solution to an Identified Workplace Health and Safety Issue';

- + provision of confidential counseling, advice and support to employees via the Employee Assistance Program. This service continues to provide essential support for our employees impacted by the 2009 Victorian bushfires;
- + 117 per cent increase in the use of the Employee Assistance Program's web-based resource, eapdirect™, from 07/08;

- + 22 per cent increase in the use of the Employee Assistance Program's managerAssist® from 07/08;
- + 1,001 Telstra employees took part in the Global Corporate Challenge, walking on average more than six kilometres each day. Telstra's participation was recognised with the Bronze Award for Most Active Company in their team category;
- + 681 employees participated in National Ride to Work day. Telstra was awarded the event's 'Ultimate Participation Challenge' award for the second year in a row; and
- + over 1,400 employees took part in ten-minute cardiovascular health checks provided by Telstra to mark the Heart Foundation's National Heart Week.

CASE STUDY – HEART WEEK SCREENINGS

Employees in selected Telstra locations were invited to participate in ‘heart health’ screenings, held in May and June 2009, to learn more about cardiovascular health and how to maintain their own ‘heart health’.

Commencing in the Heart Foundation’s National Heart Week, the heart health screenings aimed to promote cardiovascular health – a key focus of Telstra’s Health and Wellbeing strategy. Cardiovascular disease is largely preventable through healthy lifestyle choices, so Heart Week provided a great opportunity to educate employees and get them thinking about making healthier choices.

Although the screenings were not intended to replace a full check up with a GP, the screenings did provide a valuable snapshot of an employee’s heart health. During a ten minute individual appointment, over 1,400 employees had their blood pressure, cholesterol, glucose and waist measurements checked. An on-the-spot type 2 diabetes risk assessment was also undertaken. After a consultation with a registered nurse, participating employees were given a results passbook, providing an indication of their overall heart health and relevant information to take away with them.

The 32 per cent of screened employees who were considered to be at increased risk were asked to follow up with their own GP and given further information to help them make more informed choices about their health. All participants who responded to a feedback survey thought the screenings were of benefit and, encouragingly, many indicated that they were inspired to make lifestyle changes to improve their health. With a continued focus on cardiovascular health, heart screenings will again be included as part of the 2009/10 strategic activities for health and wellbeing.

Performance and commitments

Report on planned actions 2008/09

Planned actions	Progress	Outcome
Increase the proportion of women in middle and senior management to 30 per cent.	We achieved 27 per cent representation of women in middle management and 22.9 per cent in senior management. We have a number of initiatives underway to help improve our performance in this area in 2009/10.	
Increase Indigenous employment opportunities by 25 per cent by the end December 2009 as part of Telstra’s Indigenous Action Plan 2008-11.	Telstra is on track to exceed this target by the end of December 2009, with opportunities increased by 29.2% by the end of June 2009.	
Maintain the highest (Comcare Tier 3) rating across all Health, Safety and Environment categories.	Telstra has maintained the Comcare Tier 3 (advanced level) rating for prevention, and workers’ compensation and rehabilitation.	
Achieve a minimum of 10 per cent employee participation in a new online Health Risk Appraisal by August 2009 to improve employee understanding of health risk factors.	The health risk appraisal did not go ahead due to a change in the priorities in the Health and Wellbeing strategy.	

Achieved
 Partially achieved
 Did not achieve

Planned actions 2009/10

- Increase employee engagement by one per cent.
- Increase representation of women across Telstra to 31 per cent.
- Ensure at least 60 per cent of our male senior managers and 100 per cent of male executives complete the My Mentor Alphaplus program.
- Launch Telstra’s first Reconciliation Action Plan incorporating company-wide activities around Indigenous customers, communities and employees.
- Increase Indigenous employment opportunities by 25 per cent by the end of December 2009 as part of Telstra’s Indigenous Action Plan 2008-11.
- Develop and implement new Manual Handling training modules and resources to assist with prevention of musculoskeletal injuries.

Climate change



Telstra's focus is on energy efficiency and conservation of resources.

Nerida Caesar
Group Managing Director, Telstra Enterprise & Government

Q&A

Q: In 2009/10, Telstra will be setting a target to reduce the company's carbon intensity. Why is having a target important?

A: Setting measurable targets demonstrates that we are serious about providing good stewardship of the environment - and what gets measured gets done. We believe that adopting a target will help motivate our company to identify novel solutions to reduce Telstra's carbon intensity.

There is also an increasing expectation from employees, customers, governments and communities that we demonstrate our commitment to addressing the issue of climate change. Investors see high performing environmental programs as a proxy for management effectiveness, which impacts on investors' valuation of the company.

Q: What are the challenges for Telstra in reducing the company's carbon intensity?

A: Our emissions have remained relatively constant over the years, but as

companies and individuals move more physical activity into virtual solutions, the amount of data being transmitted across our networks will increase, leading to increased energy consumption in our network. Emissions reduction targets that incorporate energy efficiency actions will reduce overall electricity consumption and Telstra's exposure to rising electricity prices.

Q: What is the focus of Telstra's climate change strategy?

A: Telstra's focus is on the efficient use of energy and conservation of resources. For this reason, energy, water and waste management programs form the centrepiece of our strategy. As a company that promotes the use of information and communication technologies (ICT) and telecommunications to reduce carbon emissions, we are also focussed on improving Telstra's adoption of ICT solutions such as video conferencing and teleworking to reduce costs as well as decrease our carbon footprint.

Q: What is Telstra doing to ensure resilience of its business to climate change?

A: As an owner of infrastructure right across the country, changes to climate may affect Telstra. Our network is designed to withstand the harsh climatic conditions of Australia, but increases in the frequency of floods, storms and bushfires and changing weather patterns will pose additional risks to Telstra infrastructure and may result in significant increases to the cost of repairs.

Our Major Incident Management team at Telstra's Global Operations Centre works across the company and with external Emergency Service Organisations to help protect assets, maintain communications and prioritise, protect and co-ordinate repair and restoration work during and after major incidents. A key element is prevention of infrastructure damage through good design and preparation.

Greenhouse gas emissions

Since 2000, we have been measuring and managing Telstra's greenhouse gas emissions.

While the increasing use of Telstra's services will require an increased use of electricity, we are committed to looking for ways to deliver our services more efficiently.

Telstra's greenhouse gas emissions are mainly derived from:

- + the use of electricity and gas for lighting, heating and air conditioning in office buildings and electricity to operate the network (90.9 per cent);
- + the use of fuel (LPG, petrol, diesel) for vehicles and stand-by generators (6.3 per cent);
- + air travel (2.2 percent); and
- + by-products of organic waste decomposition that goes to landfill (0.6 per cent).

In 2008/09, Telstra's total greenhouse gas emissions⁴ were 1,515,188 tonnes

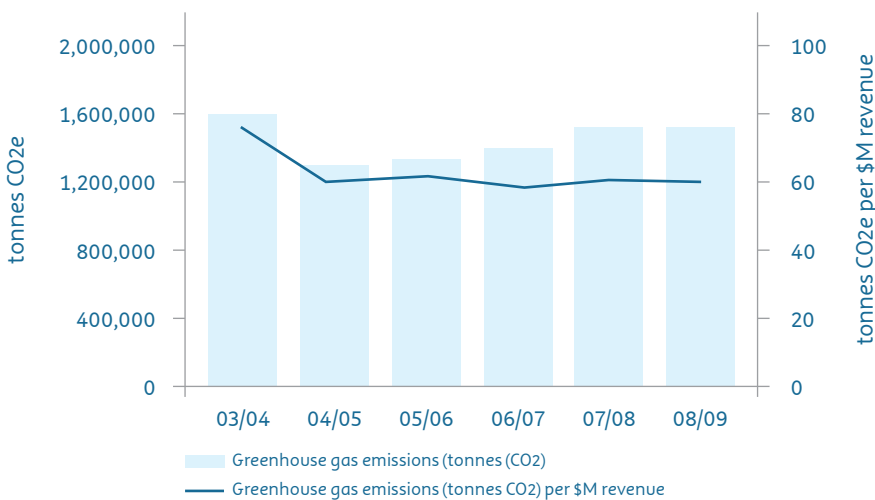
CO2 equivalent, an increase of one per cent from 2007/08. This rise reflects the inclusion for the first time of emissions from air travel. Despite the increase in total greenhouse gas emissions, our measure of tonnes CO2 equivalent per \$m revenue has decreased from 60.4 in 2007/08 to 59.4 in 2008/09.

Telstra implements a range of initiatives to deliver ongoing greenhouse gas emissions savings. In 2008/09, savings due to new initiatives were 24,186 tonnes CO2 equivalent, including 11,360 tonnes CO2 equivalent in electricity savings and 12,826 tonnes CO2 equivalent in waste diverted from landfill. This saving is equivalent to the greenhouse gas emissions generated by



1,728 average Australian households⁵ in a year. In addition, energy efficiency measures implemented in previous years continue to deliver greenhouse gas emission savings.

Greenhouse gas emissions: tonnes CO2e per \$M revenue



4 Calculation of Telstra's greenhouse gas emissions data in this report is based on a financial control model and may differ to calculations made for other environmental reports. See data tables online at www.telstra.com.au/abouttelstra/csr/environment/index.cfm for full details of emissions sources.

5 To provide a meaningful comparison of greenhouse gas emissions throughout this section, we use information published by the Australian Government Department of Environment, Water Heritage and the Arts in Global Warming Cool It (www.environment.gov.au/settlements/gwci/households.html). This states that: 'Each year, the average Australian household generates about 14 tonnes of greenhouse gas.'



Energy efficiency

Telstra’s total measured energy consumption for 2008/09 was 5,869,006 GJ. This includes electricity use, natural gas for buildings and the network, LPG, diesel and petrol for vehicles and diesel for power generation.

Our overall energy use for 2008/09 decreased by 2.8 per cent from 2007/08. This was mainly due to a reduction in fuel used by the vehicle fleet and a reduction in electricity use of 0.3 per cent.

Energy consumption 2003-2009

In 2008/09, we saved 37,972 GJ of energy, or 11,360 tonnes CO2 equivalent. This is equal to the greenhouse gas emissions

from around 810 average Australian households for an entire year.

Energy management programs continue to improve energy efficiency in our network, buildings and offices. In addition, in response to the Energy Efficiency Opportunities legislation, each business unit is identifying where it can save energy through changes to business processes.

Renewable energy

Telstra is one of Australia’s largest users of solar power with 10,314 solar powered sites with an installed capacity of 3.7 mega watts. These sites include

exchanges, radio terminals, small repeater stations and payphones. Many of these sites are in remote locations enabling Telstra to provide telecommunication services to these remote areas.

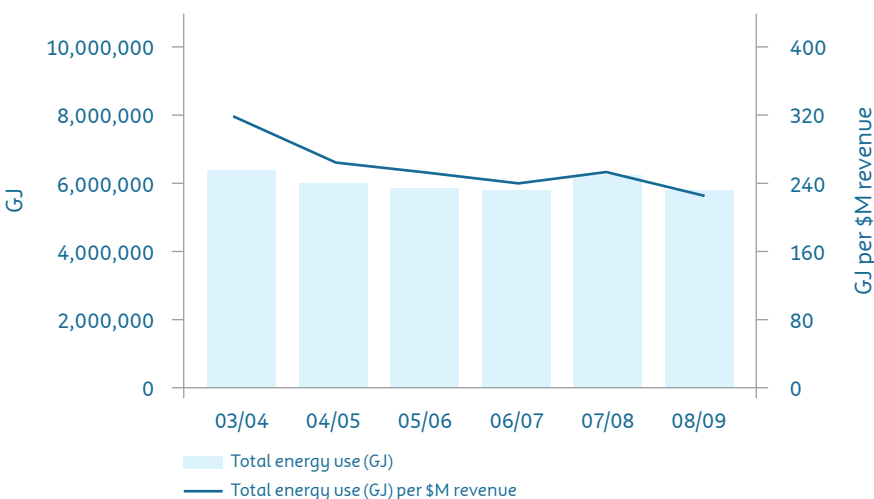
During 2008/09, Telstra conducted preliminary studies on the use of fuel cells to power telecommunications equipment at Telstra’s Melbourne headquarters. The study concluded that fuel cell technology is a viable option for backup and primary power for telecommunications, however the technology has some limitations on account of cost and the difficulty of sourcing fuels. This is now being followed up with a two year research, development and demonstration project in partnership with RMIT University, to look at solar/wind hydrogen energy systems for remote telecommunications facilities. The project is supported by an Australian Research Council Linkage grant.

Telstra also carried out a desktop study to investigate the cost, operating efficiency and greenhouse gas emissions of alternative solutions for cooling and heating of buildings (geothermal and gas heat pump solutions) compared to conventional cooling and heating. The alternative solutions performed better in terms of operating cost and greenhouse gas emissions but were more expensive to install compared with the conventional cooling and heating.

Transport efficiency

In 2008/09, Telstra used 38,182,419 litres of fuel (LPG, petrol and diesel) and produced 94,246 tonnes CO2 equivalent in greenhouse gas emissions. This is a reduction of 12 per cent in litres used and 12 per cent in tonnes CO2 equivalent from 2007/08. This decrease in transport greenhouse gas emissions is due to the 4.3 per cent reduction in total vehicle numbers and 3.9 per cent reduction in average kilometres travelled per vehicle

Energy consumption 2003-2009



and consequent fuel consumption.

During 2008/09, Telstra Fleet developed the Driving Smarter, Safer and Greener program, which is being rolled out to all drivers of Telstra vehicles from September 2009 to February 2010. The program aims to assist drivers to improve their driving styles and achieve a target of 5 per cent reduction in Telstra's fuel consumption rate (litres/100km).

Air travel by Telstra staff during 2008/09 totalled 82,766 sectors (one way flights) or 105,151,052 km of flight, compared with 125,727 sectors and 124,054,956 km for 2007/08. Estimated greenhouse gas emissions for air travel for 2008/09 were 33,390 tonnes CO₂ equivalent.



Environmental responsibility award

Telstra's commitment to energy conservation was recognised at the national Communications Alliance and CommsDay Awards (ACOMMS) in August 2008. The company received an Environmental Responsibility Award for the range of energy saving initiatives integrated within Telstra's business processes.

CASE STUDY – GREEN STAR RATING FOR NEW BRISBANE OFFICES

Telstra's Office Accommodation Standards have contributed to the Green Building Council of Australia awarding a five star 'Green Star' certified rating to Telstra's new offices at 275 George Street in Brisbane.

Telstra Property's 'One Brisbane' project is bringing together 4,000 employees from eight locations around Brisbane, into two adjacent buildings in the central business district. The new facilities in George Street represent part of Telstra's major property consolidation project which is creating a dynamic, modern working environment for Telstra employees.

According to Telstra Property Director, Vito Chiodo,

“Our property consolidation strategy is creating dynamic and innovative workplaces for our people derived from a balance between comfort levels and environmental sensitivity and sustainability.”

Telstra's Office Accommodation Standards stipulate the use of local materials where possible, the incorporation of recyclable or renewable materials and the minimisation of waste and environmental impacts.

Environmental initiatives incorporated at 275 George Street include:

- + waterless urinals - each urinal saves approximately 90,000 litres of water per year;
- + 100,000 litre tank capturing rain water and excess cooling tower water, which is then used to flush the toilets and for topping up the water cooling towers if required;
- + smarter lighting systems - use of single tubes rather than double, daylight sensors measure the amount of natural light coming through the windows and adjust the lighting systems accordingly and movement sensors on each floor ensure the lights are only on when the floor is occupied;
- + workstations with a purpose-built stand for liquid crystal display (LCD) monitors, which are about 50 per cent more energy efficient than older monitors; and

- + removal of desk bins - this small change aims to increase recyclable waste volumes, and will remove the need for the non-biodegradable bin liners currently in use. With 2,231 workstations in the George Street building, this is a significant amount of bin liners that won't be added to landfill each year.



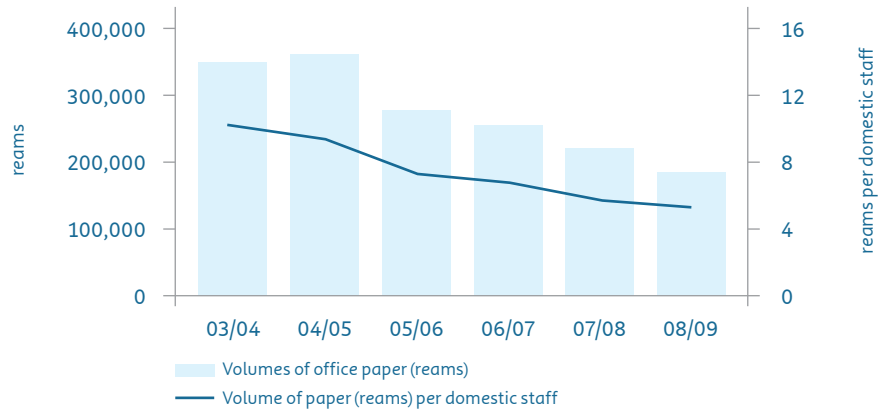
Resource efficiency and waste

Paper

Telstra's efforts to move from paper-based to online systems have resulted in a decrease in the amount of paper used and improved the efficiency of our internal administration processes.

In 2008/09, the consumption of office paper was reduced by approximately 30,160 reams, which is a 14 per cent reduction from 2007/08. Over the last seven years, the number of reams used per employee has decreased from 9.8 in 2003/04 to six in 2008/09.

Office paper use

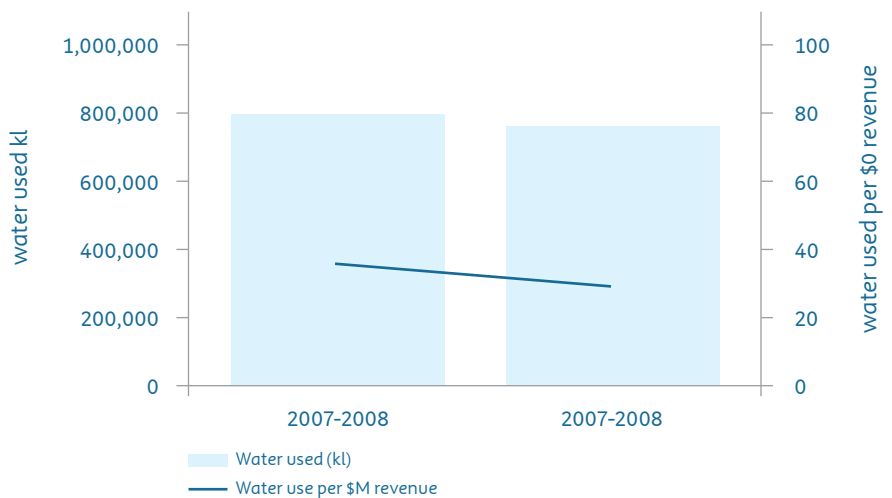


Office paper use

This year we also measured paper used for billing and printing of brochures and other advertising material. In 2008/09, Telstra used over 1.75 million reams of paper for printing of brochures and advertising material, and 883,062 reams of paper for printing bills.

Telstra continues to offer customers the choice of online billing, including the ability to send Telstra bills to mobile phones. In addition, Telstra has introduced a summary paper bill to reduce both complexity and the amount of paper used. An environmental benefit is delivered by every customer who switches to online billing or chooses the summary bill.

Water savings



Water

As a telecommunications company, our environmental impact relating to water use is relatively low. We use water in our offices, line depots and exchanges, primarily for staff amenities such as kitchens, toilets and showers and for cooling towers. During 2008/09, Telstra consumed 707 megalitres of water at its buildings and sites (this does not include washing of Telstra vehicles at

commercial car washes or of home vehicles by employees).

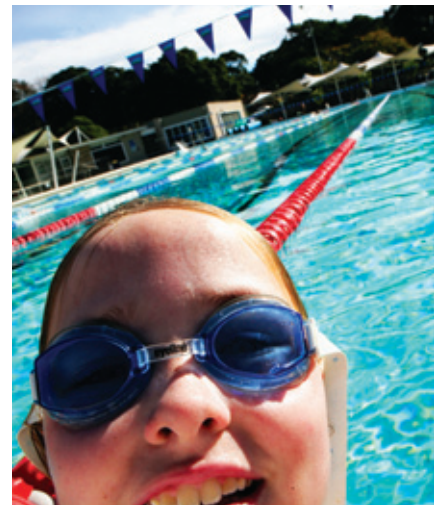
This year, actions to reduce water consumption included the installation of waterless urinals, flow restriction devices on taps and upgrading of toilet cisterns. During 2008/09, water saving actions saved an estimated total of 12 megalitres of water across our office buildings and network sites.

Water savings

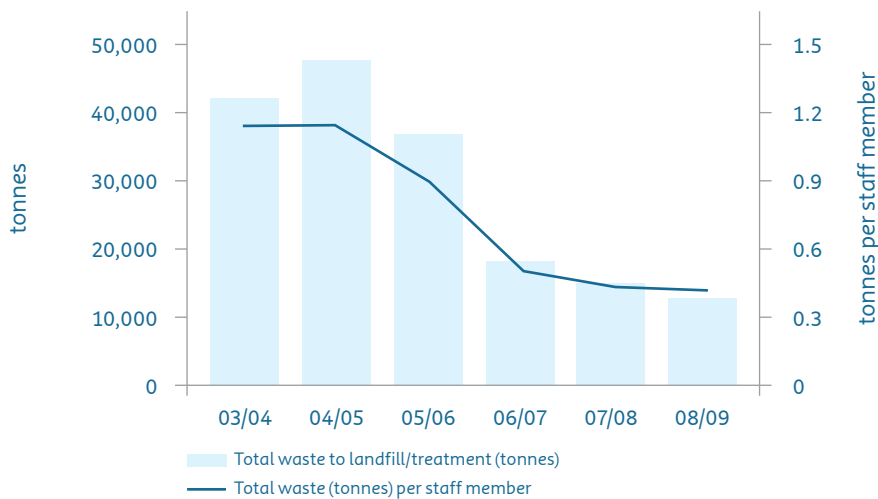
Our underground network infrastructure, access pits, manholes and pipes, may periodically be filled with ground water and, when it rains heavily, stormwater. In 2008/09, approximately 13 megalitres of water were removed from network access pits during maintenance activities. Telstra recycled approximately 10 megalitres of this water.

During 2008/09, pit water management practices were changed. Where practical, clean pit water is now directly pumped onto adjacent grass or vegetation or to stormwater instead of being transported by tanker.

This has resulted in less water being pumped out by tankers and transported for recycling or licensed disposal.



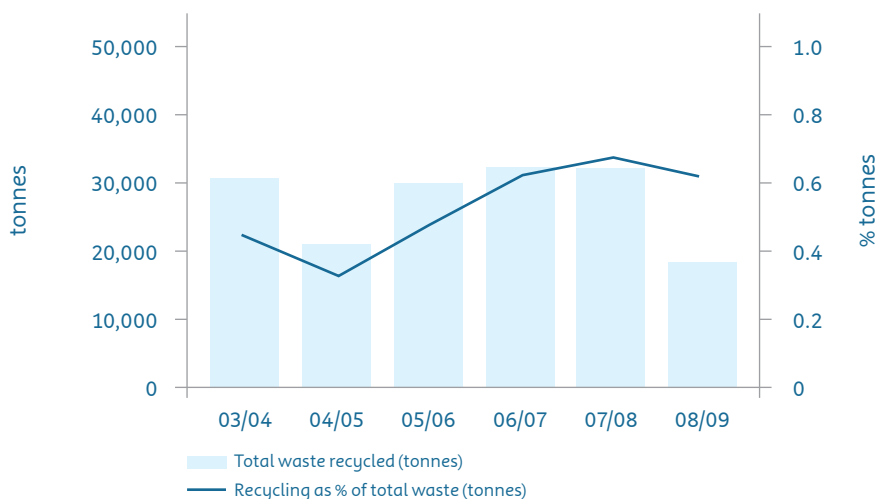
Waste disposed to landfill or special treatment



Waste

- During 2008/09, Telstra:
- + recycled 62 per cent of all solid and liquid waste across the business – a decrease from 69 per cent in 2007/08. This reduction is due to the changed practices for pit water disposal;
 - + reduced tonnes of waste per staff member from 0.44 in 2007/08 to 0.37 in 2008/09;
 - + reduced office paper consumption by approximately 30,160 reams - a 14 per cent per cent reduction from 2007/08;
 - + recycled 113 tonnes of bottles, cans and milk cartons and 2,761 tonnes of paper;
 - + decreased the volume of our total waste for disposal to landfill or special treatment from 15,085 tonnes in 2007/08 to 11,628 tonnes in 2008/09. This decrease is primarily due to a reduction in pit water disposed to a treatment facility; and
 - + diverted organic waste from landfill through recycling, saving 12,826 tonnes of greenhouse gas emissions (CO2 equivalent), down from 15,727 in 2007/08.

Waste recycled





Product stewardship

Each year the mobile industry imports around eight million new handsets into Australia. While some industries end their involvement in a product's lifecycle at sale or point of repair, Telstra and the Australian mobile industry, through the MobileMuster recycling program, is taking responsibility for the total lifecycle of mobile phones and their components.

In 2008/09, Telstra continued to support the MobileMuster program with bins provided in Telstra shops and the addition of MobileMuster post bags for consumers to send unwanted mobile phones and accessories to the program for recycling. In this financial year, 21

tonnes of mobile phone components were collected from Telstra shops.

Through MobileMuster, Telstra has supported:

- + the planting of more than 200,000 trees in the past two years through the 'Old Phones, More Trees' campaign; and
- + the collection of over 122 tonnes of product in 2008/09 that otherwise may have ended in landfill.

The push for a universal mobile charger

In February 2009, Telstra joined the Global System for Mobile (GSM) Association, the global peak body for the

mobile industry, and 16 other leading mobile operators and manufacturers in a pledge to introduce a universal charger for new mobile phones.

The group has set an aggressive target to have a universal charging solution widely available by 2012. The standard selected as the charging interface is Micro-USB.

The GSM Association estimates that the adoption of a common mobile phone charger with improved energy-efficiency standards (also part of the pledge) could result in a 50 per cent reduction in mobile charger standby energy consumption globally and the elimination of up to 51,000 tonnes of duplicate chargers every year.

According to Ross Fielding, Executive Director Telstra Product Management, moving to a standard universal charger for mobile phones has the potential to dramatically reduce duplication and waste.

"If we can eliminate the need for a charger to be included with every new mobile sold in Australia we could reduce the shipment of hundreds of tonnes of duplicate chargers in Australia every year. As well as making sense environmentally, it will make it much easier for consumers to find a compatible charger for their device when they're on the go. There's also scope to pass on associated manufacturing cost savings to customers" Ross said.

Employee engagement

A cross-business affiliation network, Telstra's 'Eco-champs' group has steadily grown since its creation in November 2007 and now has over 560 members. Eco-champs receive regular communication, are encouraged to provide their suggestions for a 'greener' workplace and are instrumental in promoting environment-friendly behaviours and events in their workplaces. They disseminate information and gather support for Telstra-supported initiatives such as Earth Hour, World Environment Day, the 1 million women campaign, and Sustainability Victoria's GreenHouse Games.

CASE STUDY – OLD PHONES REBUILDING BUSHFIRE - HIT COMMUNITIES

Labertouche Primary School lies in the heart of fire-scorched Gippsland, around 100 kilometres east of Melbourne. It's a fitting location for the launch of a scheme to turn the plastics reclaimed from old mobile phones into new fence posts for the Baw Baw Shire community.

MobileMuster Chairman and Telstra Product Management General Manager Chris Mason, was at Labertouche Primary School in early May 2009 to launch the 'Old Phones, New Fence Posts Schools Recycling Challenge'.

"We chose Labertouche Primary School as our launch site and the first recipient of new fences after some of its boundary fencing was burnt down in the bushfires in February," Chris said.

"I spoke to them about our challenge. We invited primary and secondary schools across the country to round up old mobile phones and accessories for recycling. For every five kilograms handed in by schools in May 2009 *MobileMuster* pledged a plastic fence post to the fire-impacted communities.

"The program gave kids and families around Australia a meaningful way to help these communities. By the end of the challenge, we had collected over 3,600 kilograms of mobile phones for recycling. That meant we were able to donate 720 fence posts to the Baw Baw Shire – our full pledge quota," Chris said.

The fence posts donated were a polymer composite that include plastic recycled from handsets. They are manufactured by Australian Composite Technology, which is donating half of the manufacturing costs.



L-R: Cr Ruth McGowan, Mayor Baw Baw Shire Council, *MobileMuster* Chairman and Telstra Product Management General Manager Chris Mason with Labertouche Primary School students.

Using ICT to drive sustainability

Government policy is setting substantial national carbon mitigation and abatement targets that will require large-scale energy conservation of the kind that information and communication technology (ICT) solutions can demonstrably help to deliver.

WWF⁶ has evaluated the role of ICT in meeting the challenge of climate change and concluded that if ICT were widely used it could help deliver up to 2.7 billion tonnes of greenhouse gas emission reductions annually, simply by scaling up proven, commercially viable solutions.

In April 2009, Telstra and WWF-Australia launched a white paper that highlights how ICT can improve environmental sustainability for large organisations and deliver positive commercial outcomes. It also introduced a set of tools to enable Australian enterprise and government organisations to estimate the environmental and financial benefits of ICT investment, enabling them to make stronger business cases for those investments.

Using the new Return on Investment (RoI) tools developed by Telstra and Capgemini, organisations can estimate the commercial and environmental savings from investing in four specific ICT solutions – video conferencing, flexi-working, web contact centres and field force management. The tools estimate greenhouse gas emission reductions and employee productivity outcomes by assessing the financial costs and savings to the company for each alternative.

Telstra provides a copy of the Sustainability White Paper to its enterprise and government customers and offers sessions to use the RoI calculator to explore potential savings through ICT investment. Around 50 of these sessions have been delivered since April 2009.

The Sustainability White Paper is available at: www.telstraenterprise.com/researchinsights/Pages/Sustainability.aspx



EXAMPLES OF ECONOMIC AND SUSTAINABILITY BENEFITS OF ICT SOLUTIONS

- + Video conferencing - a large company that spends approximately one million dollars in interstate travel per year could save 200 tonnes of CO₂ per annum by implementing a high-definition video conferencing service that could be paid off through reduced travel expenditure in around seven months.
- + Teleworking - an organisation with 1800 employees could reduce net greenhouse gas emissions by approximately 500 tonnes of CO₂ per annum by encouraging 200 staff to work remotely from home three days a week.
- + Web contact centres - a contact centre with 150 employees could avoid approximately 130 tonnes of CO₂ per annum by providing 50 employees with access to an online contact centre system from home for three days a week. The ICT investment could be paid off through productivity improvements in around 11 months.
- + Fleet and field force management - an organisation with a field workforce of 500 employees could avoid approximately 600 tonnes of CO₂ per annum by adopting a mobile field force management application on a wireless device. The investment could be paid off through reduced energy expenditure in around six months, providing annual savings of about 10 per cent.

6 WWF (2008) 'From Fossil to Future with Innovative ICT Solutions: Increased CO₂ Emissions from ICT needed to save the climate'

Performance and commitments

Report on planned actions 2008/09

Planned actions	Progress	Outcome
Calculate the carbon footprints of all business units and corporate groups.	All business units used the carbon calculator tool to calculate their carbon footprints. Calculations will be used to benchmark carbon footprints and monitor progress year on year.	✓
Determine the carbon intensity (tonnes of CO ₂ e /unit of service) of Telstra's Enterprise and Government service offerings.	A study was completed for a major customer to determine the carbon footprint of Telstra's services to the customer. This included both the impacts of Telstra's network and the customer premises equipment (located at the customer's site).	✓
Increase the 2009 employee engagement survey score for the 'environment responsibility' question.	Telstra did not conduct an Employee Engagement Survey in 2009. This will be assessed in the 2010 survey and reported in next year's Corporate Responsibility report.	✗
Complete a study on the hydrogen fuel cell facility and solar panels installed at our Melbourne headquarters to assess their potential use in Telstra's network and buildings.	The study was completed. It concluded that there are viable fuel cell technologies for use in a telecommunications environment that may be used for back-up and primary power. A further research, development and demonstration study is to be carried out over the next two years.	✓
Enhance Telstra's driver education program with an awareness program to encourage our fleet drivers to adopt green driving techniques to reduce fuel consumption and CO ₂ emissions.	The development of Telstra's Driving Smarter, Greener and Safer program was completed in 2008/09. The program will be rolled out to all Telstra drivers between September 2009 and February 2010.	✓
Reduce paper consumption by continuing to transform our supply chain operations to effective, electronic business, including online drafting and execution of contract documentation.	The use of online Shopping Carts, Purchase Orders and Invoices in 2008/2009 avoided the consumption of approximately 657,783 sheets of paper, that would be required if these were manual functions compared to 450,291 in the 2007/2008 period.	✓

✓ Achieved Ⓞ Partially achieved ✗ Did not achieve

Planned actions 2009/10

- + Improve fuel efficiency by five per cent by implementing the Telstra Fleet Driving Smarter, Safer and Greener program.
- + Support Telstra's adoption of ICT solutions including video conferencing, WebEX conferencing, telepresence and remote working, to reduce overall carbon emissions within the business.
- + Conduct an internal and customer trial to quantify carbon emissions savings through use of video conferencing.
- + Increase the 2009 employee engagement survey score for 'environment responsibility'.
- + Reduce office paper consumption by 5 per cent on a FTE basis.

Community investment



Telstra is actively involved in the communities in which we operate.

David Quilty
Group Managing Director, Public Policy and Communications

Q&A

Q: Why does Telstra engage with local communities?

A: As one of Australia's largest companies, with customers, employees and operations across the country, Telstra is naturally a part of community life. It makes sense for us to be actively involved with the communities where Telstra people live and do business – it helps us know our customers better and understand their particular needs, whether they are in a remote or rural community, or in one of our big cities.

Q: How does Telstra engage with local communities?

A: Telstra Country Wide (TCW) was established in 2000 to focus on sales and marketing growth and service improvement in rural, remote and large regional centres. TCW is built around the local presence of 35 Area General Managers, which helps Telstra to build relationships and gain insight into community needs and expectations.

At the grassroots level, the grants provided through the Telstra Foundation and local community activities supported through Telstra's sponsorship, really make a difference to sports clubs, schools, childcare centres and other community organisations. Programs like the Telstra Road to Tamworth, Telstra's Kids Fund, the Telstra Beach to Bush and the Telstra Assistance Fund all help strengthen our connection with local communities.

And of course, when disaster hits our communities, Telstra is always quick to respond. When the Black Saturday bushfires hit Victoria, Telstra employees were deployed directly into devastated areas to rebuild communications, divert home phones to mobiles, give mobile phones to survivors and set up internet access in community centres.

Q: How does Telstra contribute to better outcomes for Indigenous Australians?

A: Telstra's commitment to Australia's Indigenous communities is unwavering.

We're in a unique position to ensure that access to world class telecommunications services extends to Indigenous communities to deliver improved health, education and business outcomes. We also provide culturally appropriate products, such as community phones, and our Indigenous Directorate oversees our approach to Indigenous customers and ensures we're meeting their needs.

Through our sponsorship and philanthropic programs, Telstra aims to positively impact Indigenous health and education outcomes. The Telstra Foundation earmarks one third of its Community Development Fund to support Indigenous children and young people. Earlier this year, we celebrated our 17th year of sponsorship of the National Aboriginal & Torres Strait Islander Art Award, which recognises excellence in Australian Indigenous art.

Telstra Foundation

The Telstra Foundation delivers Telstra's corporate philanthropy program. Its mission is to make a positive and lasting difference to the lives of children and young people.

The Telstra Foundation identifies and provides funding to projects that reflect its priorities - backing social innovation, using information and communication technologies, building the capacity of community organisations, facilitating employee community engagement and having a measurable impact.

Operating two grants programs, the Telstra Foundation Community Development Fund and Telstra's Kids Fund, the Telstra Foundation has financially supported over 5,850 projects to the value of \$31 million since its inception in 2002.

The Community Development Fund supports community organisations to deliver projects with one purpose in mind - to connect children and young people to their communities. To achieve this, the Community Development Fund has three focus areas - Social Innovation (using ICT to improve social inclusion), Indigenous Community Development and Cyber Safety.

Telstra's Kids Fund is an employee directed giving program that provides grants of \$1,200 to local community organisations that involve the participation of a child or young person directly related to permanent Telstra employees. Telstra's Kids Fund supports a broad range of initiatives and projects across education, sports and recreation, arts and culture, and the environment.

In 2008/09, over \$4.8 million in funding was provided through the Telstra Foundation to more than 1,200 projects to support Australian communities.

This included:

- + \$1,420,000 in Social Innovation grants to support eleven projects;
- + \$1,343,251 in Cyber Safety grants to support six projects;

CASE STUDY – TELSTRA HELPS GREEN THE GEORGES RIVER CATCHMENT

To help mark World Environment Day on Friday 5 June 2009, Telstra partnered with the Georges River Combines Councils Committee to plant 10,000 saplings to help rejuvenate the Georges River catchment, south of Sydney.

Over 30 Telstra employees and volunteers, together with Federal Member for Cook, Scott Morrison and NRL and Dragons star Matt Cooper, planted saplings native to the region along a section of the Georges River bank and catchment area to help restore the damaged ecosystem.

The health of the Georges River has diminished over the last 100 years with many of the river banks stripped back to create beach front and grassed picnic areas. As a result, the natural fish spawning areas and places where birds used to safely nest and breed have been destroyed.

The River Keeper program, a state government initiative to rejuvenate the Georges River and engage the community on sustainable practise, works with volunteers to clean up the rubbish in the river system and maintain the natural beauty of this major recreational area.

While the tree planting has a local flavour, it represents Telstra's ongoing efforts to reduce energy and water consumption across Australia.

The Director of Telstra Property Vito Chiodo said, "As part of Telstra's national energy, water and waste management program, we have implemented a range of positive, environmentally-focused initiatives since 2000. This initiative sees each sapling represent one tonne of CO2 savings."

Federal Member for Cook, Scott Morrison, said that he was pleased to be involved and congratulated Telstra on its positive action for the community.

The River Keeper program focuses on minimising pollution and rubbish in the Georges River system. This allows the maximum use of what is an extraordinary resource of great natural beauty in the middle of urban Sydney.



Federal Member for Cook Scott Morrison, Georges River Riverkeeper Simon Annabel and Sydney Telstra Country Wide Area General Manager, Jon Grahame

- + \$645,000 in grants to four Indigenous community development projects;
- + \$291,000 in grants to six ongoing projects;
- + \$377,250 in 582 Community Connections grants; and
- + 625 Telstra's Kids Fund grants totalling \$750,000 made to support the activities of sporting clubs, community groups and schools across Australia.

For more information visit www.telstrafoundation.com.au.

Sponsorship

Telstra's diverse range of sponsorships across community, arts, sports and business deliver benefits to Australians right across the country.

We are proud of the part we play in building and supporting Australia's rich cultural heritage, in developing our artists and athletes from the grass roots to the elite level, and in supporting Australian businesses and the people who are committed to their success.

Surf Life Saving Australia

Telstra has partnered with Surf Life Saving Australia since 2003, and in 2009 signed a further three year partnership agreement.

The 2008/09 Telstra Beach to Bush program, which involved experienced and highly qualified surf lifesavers travelling to regional primary schools to teach important basic surf safety messages, reached over 30,000 primary school children from more than 300 regional primary schools.

In June 2009, the Telstra Assistance Fund contributed \$250,000 in equipment grants to 131 local surf life saving clubs, while the Telstra Country Wide affinity program, which sees money donated back to local clubs for eligible purchases from Telstra shops, contributed \$250,000 in cash back to needy clubs.

Telstra Assistance Fund

Since its inception in 2003, the Telstra Assistance Fund has contributed over \$6 million worth of sporting equipment to more than 5,000 sporting and community clubs.

The 2009 Telstra Assistance Fund was launched in May on Channel Nine's Today show by Telstra Ambassadors Zane Holmes, Nathan Hindmarsh, swimming star Eamon Sullivan and AFL's Scott West. In 2008/09, over 2,000 NRL, AFL, surf life saving and swimming, sport and community clubs applied for equipment through the Telstra



Assistance Fund, with 758 clubs awarded equipment.

Telstra Road to Tamworth

Telstra has supported young country music talent through the Telstra Road to Tamworth since 2004. The Telstra Road to Tamworth gives budding performers and songwriters the opportunity to kick-start their music careers.

The 2009 winners were Peter McWhirter (Telstra Road to Tamworth Award) and Corey Colum (Telstra Road to Tamworth Songwriters Award).

In 2009/10, the Telstra Road to Tamworth will visit 13 regional centres across the country, before culminating in the final in Tamworth in January 2010. The 2010 program has been extended to include separate performer and songwriter categories and a digital heat for those who live more than 400 kilometres from a physical heat location.

Community music groups can also benefit through a new program – Keep the Music Playing. The music development fund provides Australians

in regional communities with the chance to apply for equipment grants.

National Aboriginal & Torres Strait Islander Art Award (Telstra Art Award)

The Telstra Art Award celebrated its 25th silver jubilee anniversary in 2008. It is the longest running art award dedicated to the work of Aboriginal and Torres Strait Islander artists.

Telstra has partnered with the Museum and Art Gallery of Northern Territory to deliver the Telstra Art Award for the past 17 years. The Award includes five main prize categories:

- + Telstra Award \$40,000 (main prize);
- + Telstra General Painting Award \$4,000;
- + Telstra Bark Painting Award \$4,000;
- + Telstra Work on Paper Award \$4,000; and the
- + Wandjuk Marika 3D Memorial Award \$4,000.

The 2008 winner of the Telstra Award was Makinti Napanangka from Kintore in the Northern Territory for her untitled art work.

Telstra Business Awards

The Telstra Business Awards, now in their 17th year, are Australia's pre-eminent national awards program for small and medium businesses. The Awards help to celebrate the achievements of businesses across Australia and recognises those small and medium businesses as the foundation of the Australian economy.

The 2008 Telstra Australian Business of the Year was Machinery Automation & Robotics from Silverwater in New South Wales.

More than 3,500 nominations across five categories were received in the 2009 Telstra Business Awards. Black-tie presentation dinners were held in every state and territory across Australia,

culminating in the national dinner where the achievements of the state and territory winners were celebrated and showcased to leading government, corporate and media representatives.



Machinery Automation and Robotics,
2008 Telstra Australian Business of the Year

Telstra Business Women's Awards

Since 1995, the Telstra Business Women's Awards have celebrated the journeys of some of Australia's most inspirational women including entrepreneurs, innovators, up-and-coming young business women, corporate leaders and those working in the not-for-profit sector.

The 2008 Telstra Australian Business Woman of the Year was Leanne Wesche, Managing Director of Pacco Group and Safeguard Innovations, Australia's largest independent fruit and vegetable packing businesses.

In 2009, a record 4,500 women were recognised through the nomination process.

The rigorous entry and judging process of the Awards provides a valuable and rewarding experience for entrants, both personally and professionally.



2008 Australian Business Woman of the Year, Leanne Wesche is congratulated by Holly Kramer, Group Managing Director, Telstra Product Management and Telstra Business Women's Awards Ambassador

CASE STUDY – THE AUSTRALIAN BALLET

Telstra and The Australian Ballet celebrated 25 years of partnership in 2009. Ours is one of the longest running arts partnerships in Australia, and we remain committed to making dance more accessible to more Australians.

The partnership has made a substantial impact on ballet in Australia, encouraged new dancers to shine and brought the ballet to audiences across Australia. This year's free outdoor Ballet in the Gardens performance was enjoyed by more than 10,000 people in Brisbane.

The Dancers Company tour, sponsored by Telstra and now in its seventh year, travelled to ten regional locations across Victoria, Queensland and the Northern Territory. The Dancers Company comprises established performers of The Australian Ballet, together with stars of tomorrow from the senior levels of The Australian Ballet School. Telstra's sponsorship of The Dancers Company

is an investment in emerging ballet talent and gives up and coming dancers a chance to perform in front of new audiences.

The Telstra Ballet Dancer Award, now in its eighth year, rewards young dancers for their hard work, talent and passion in the highly competitive and demanding industry. The Telstra Ballet Dancer Award winner receives a \$20,000 cash prize, while the winner of the People's Choice Award is presented with a cash prize of \$5,000.

In 2008, Western Australia's Kevin Jackson took out the coveted Telstra Ballet Dancer Award. A record-breaking 72,000 votes were cast in the People's Choice Award, with Victorian Amy Harris receiving the highest number.

Telstra's partnership with The Australian Ballet has also contributed to the production of informative, online mini-documentaries exploring the

world behind The Australian Ballet. Regularly updated, and available on The Australian Ballet's website, these resources grant more and more Australians access to one of the busiest ballet companies in the world.

Telstra's sponsorship ensures the continued vibrancy of this art form in Australia, encourages new dancers and brings the grace and beauty of ballet to audiences Australia wide.



Dancer: Gina Brescianini



Volunteering

At Telstra we believe that one of our most important corporate responsibilities is to voluntarily contribute resources, people, technology, infrastructure, products and services to support the communities in which we operate.

Telstra promotes and facilitates volunteering opportunities for employees, and encourages employees to voluntarily participate in activities that support the organisations, charities or community groups with which they are connected.

Community Leadership Program

In 2008/09, the pilot of the Telstra Foundation's year long Community Leadership Program was concluded. Developed in collaboration with Social Ventures Australia, the program matched six senior Telstra executives with six leaders of not for profit organisations funded through a Social Innovation Grant. The program aimed to develop the capacity of the community organisations to achieve, measure and communicate the social impacts of their programs. It also provided an opportunity for senior Telstra executives to develop and apply their leadership skills in a community sector context. Feedback from all participants indicated that the opportunity to interact with and learn from each other was a major benefit of the program. Community leaders also cited the Social Innovation

Grant funding, strategy and diagnostic tools, and group learning activities as the most valuable aspects of the program. For Telstra executives, giving back to the community by sharing their skills and having a positive impact on a community organisation, and the opportunity to learn about leadership in a non-profit context were the most valued aspects of the program.

Community Connections

In addition to its regular grants programs, in 2008/09 the Telstra Foundation launched the \$460,000 Community Connections program to recognise Telstra employees' involvement and leadership in community organisations with financial support. This one-off program provided grants of \$250 or \$1000 to 582 not-for-profit community activities including

choirs, sports clubs, food vans, local neighbourhood houses and home visit groups.

One community organisation to receive a Community Connections grant was SongBirds, a not-for-profit organisation in Sydney that performs musical variety shows for residents in nursing homes, retirement villages and hostels. As well as assisting the group in acquiring some much needed funds, the grant also had an unexpected flow-on effect, according to SongBirds' creator and Telstra employee, Susan Grant. News of the Telstra Community Connections grant was reported in the local media, which led to SongBirds experiencing an increase in both venue bookings and volunteers.

Sacred Heart Mission was another organisation to benefit from the program. Sarah George, from Telstra's Program Office, has volunteered for Sacred Heart Mission for six years. "It is a fantastic initiative by Telstra to provide financial support to organisations that are close to employees' hearts. Organisations such as Sacred Heart Mission rely on fundraising and donations to survive and continue their amazing work in the community," said Sarah.

Telstra Marketing Academy®

The Telstra Marketing Academy® was developed by Telstra in 2008 to help secondary school students learn more about marketing in the corporate environment and provide a learning opportunity that supports the existing secondary school curriculum. Telstra developed project and course materials to align with the marketing unit of work in the Business Management/Business Studies key learning area.

As part of the program, students work in teams to analyse both Telstra and competitor approaches to marketing and to develop a marketing activity designed to increase awareness of the Telstra Next G™ network for a specific market segment. Students also learn about business concepts and planning, establishing project objectives and identifying strategies, market segmentation and product differentiation, and implementation of promotions and campaigns.

In 2008, over 150 students participated in the program. Our employees visited schools to conduct classroom sessions and judged the final presentations. In November 2008 winning groups from each participating school were invited to attend a finals event, held in Sydney and Melbourne, where schools went head to head to win a two week placement at Telstra.



CASE STUDY – TELSTRA VOLUNTEERS MAKE ABRACADABRA MAGIC

Nine enthusiastic Telstra employees spent a week in the Northern Territory working with Indigenous students to help researchers assess ABRACADABRA, an innovative literacy program led by Charles Darwin University and supported by the Telstra Foundation.

The employees, who funded their own travel and used their holiday allowance to attend, answered an appeal for volunteers broadcast over the Telstra intranet. They came from across Australia and worked in locations across the Territory including Darwin, Katherine, Hermansberg and Alice Springs.

Marilyn Last, Telstra IT support worker from Melbourne, assisted researchers at Milner Primary School in Darwin. Milner, like many other Territory schools with large numbers of Indigenous kids, is trying to find ways to accelerate the literacy progress of struggling students. A love of working with kids and a background in teaching English as a second language provided Pauline White from Telstra Service in Melbourne with the impetus to volunteer.

“I have skills that can assist,” said Pauline “and I wanted to give something back. This experience has confirmed to me that all kids are the same - they want to learn”.

For Vickie Harper from the Grafton Call Centre, seeing the call for volunteers evoked an immediate ‘I want to be part of this’ response.

“It’s terrific that the Telstra Foundation is supporting something that can make a real difference,” she said. “This has been a great experience. I feel that my mind has been broadened and I definitely want to come back.”

Don Pennell from Telstra Operations in Ballarat decided this was the perfect opportunity to give something back. Don said the expense was a small sacrifice. With six kids of his own, he sees successful education in the early years as an essential ingredient to a happy life.

“The early developing years are so important. If they don’t enjoy it, if they struggle, they give up,” he said.

A soon-to-be completed degree in Early Childhood Teaching was the motivation behind Lisa Curtis’ decision to volunteer. Based in Brisbane with Telstra’s Enterprise & Government, Lisa was driven by a desire to connect and engage with Indigenous children.

“The right education methods will help to bridge the gap,” she said. “We need to find the right tools to connect with children to give them opportunities in life.”

Charles Darwin University research leader Dr Jenni Wolgemuth was impressed with the commitment of the Telstra employees. “To think these volunteers gave up so much to help ABRACADABRA is just amazing. It’s great Australian spirit,” she said.



L-R Vickie Harper, Pauline White, ABRA research leader Dr Jenni Wolgemuth, Don Pennell, Lisa Curtis

Performance and commitments

Report on planned actions 2008/09

Planned actions	Progress	Outcome
Develop and pilot an employee matched giving program to donate funds to community organisations nominated by Telstra employees.	The Community Connections program was piloted in 2008/09. It provided \$377,250 in grants to recognise the community contributions of Telstra's employees through volunteering.	✓
Provide over \$3.5 million in grants through the Telstra Foundation to help community organisations connect children and young people to their communities.	In 2008/09 the Telstra Foundation provided \$3.7 million in grants to community organisations to help children and young people connect to their communities.	✓

✓ Achieved Ⓞ Partially achieved ✗ Did not achieve

Planned actions 2009/10

- + Develop and implement a payroll giving program for Telstra employees to contribute to community organisations.
- + Provide over \$3.5 million in grants through the Telstra Foundation to help community organisations connect children and young people to their communities.
- + Produce an inaugural community report that presents the breadth of Telstra's support for the community.



