Occupational Health and Safety

Occupational Health and Safety (Commonwealth Employment) Act 1991 (Cwth)

This report is provided in accordance with section 74 of the Australian Occupational Health and Safety (Commonwealth Employment) Act 1991 (OHS Act).

Together with other licensed authorities under the Safety, Rehabilitation and Compensation Act 1988 (SRC Act), we have initiated proposals for the rationalisation and simplification of excessive and ineffective regulation of our activities under the OHS Act and the SRC Act. It is our policy to promote a healthy workplace and to create and maintain a safe working environment. We have developed and implemented our own Telstra care health and safety management system to assist us in ensuring a safe working environment is available for our employees and contractors. A rigorous audit and inspection programme supports our Telstra care system.

This programme focuses on leadership in safety together with measurable accountabilities through all levels of management strategically designed to reinforce the value we place on our people and their safety. By applying this programme, we have continued to improve our health and safety performance with the number of lost time injuries reducing by 43% during fiscal 1999.

Our lost time injury frequency rate was 12.9, a reduction of 33% on the prior 12 months.

The following statistics of accidents and dangerous occurrences and of notices were recorded for the 1999 fiscal year in accordance with section 74 of the OHS Act.

Incidents

<table>
<thead>
<tr>
<th>Fatality</th>
<th>Serious personal injury</th>
<th>Prescribed incapacity</th>
<th>Dangerous occurrence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>80</td>
<td>112</td>
<td>350</td>
</tr>
</tbody>
</table>

Notices and directions

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisional improvement notices (section 29)</td>
<td>5</td>
</tr>
<tr>
<td>Directions not to disturb workplace (section 45)</td>
<td>nil</td>
</tr>
<tr>
<td>Prohibition notices issued by investigators (section 46)</td>
<td>nil</td>
</tr>
<tr>
<td>Improvement notices issued (section 47)</td>
<td>2</td>
</tr>
</tbody>
</table>
Occupational Health and Safety

Safety, Rehabilitation and Compensation Act 1998 (Cwth)

This report is provided in accordance with section 107U of the Australian Safety, Rehabilitation and Compensation Act 1988 (Cwth) (SRC Act). As a self insurer, Telstra is licensed under the SRC Act to contract out the administration of its workers’ compensation claims to the private sector.

Telstra has achieved a major milestone in the time taken to lodge workers’ compensation claims. During the year ended 30 June 1999, we exceeded our target to have 80% of claims lodged within five days, following a process improvement to redesign the system for lodging compensation claims. In May 1998, only 40% of claims were lodged within five days; by November 1998, 82% of claims were lodged in that time and 87% by June 1999.

This rapid transformation shows the great benefit of simplifying our internal processes. The same methodology is being applied to other aspects of workers’ compensation and rehabilitation.

The improvement in Telstra’s claims lodgement performance follows the outsourcing of compensation claims management to GIO last year. GIO notifies us of every claim lodged outside the compliance period to allow for performance review and follow up.
Freedom of Information

Freedom of Information Act 1982
This statement is made in accordance with Section 8 of the Australian Freedom of Information Act. The Freedom of Information Act 1982 gives a right of access, subject to exemptions and exceptions, to information held in documentary form by the Telstra Entity.

Functions
The particulars and functions of the Telstra Entity are set out in detail in this report. From time to time the Telstra Entity may make decisions regarding the supply of telecommunications services and matters incidental, ancillary or complementary to the supply of telecommunications services that may affect members of the public.

Organisation
An outline of Telstra's organisation is given under Item 1 – Description of Business.

Consultative arrangements
Consultative arrangements exist between Telstra, a number of user groups for specific products, as well as a wide range of groups including:

- Telstra's Consumer Consultative Councils (residential customers);
- Telstra's Small Enterprise Consultative (small business customers);
- Australian Communications Industry Forum (carriers, service providers and community groups);
- Telecommunications Access Forum (carriers and service providers);
- Australian Telecommunications Industry Association (telecommunications industry);
- Australian Information Industry Association (computer industry);
- Australian Telecommunications Users Group (business and general);
- Australian Subscription TV & Radio Association (Pay TV and narrowcast radio); and
- Federation of Australian Radio Broadcasters (commercial radio).

Categories of documents
Documents are maintained under the following general categories:

- documents available to the public free of charge, including the whole or part of, or a summary of, the material terms and conditions of Telstra's Standard Form of Agreement with customers insofar as it relates to a customer's commercial relationship with Telstra, A Guide to Telstra's Services, product and service brochures and Telstra's Annual Report.
- tariffs and charges;
- customer services and products;
- network planning;
- installation and performance;
- legislative and regulatory contracts;
- tenders;
- agreements;
- financial management; and
- administrative.
Freedom of Information

Access to certain classes of documents is available to the public via Telstra’s Internet site:


Telstra is exempt from the provisions of the Commonwealth Freedom of Information Act in relation to documents received or brought into existence in the course of, or for the purpose of, the carrying on of its commercial activities.

Freedom of information requests

Initial enquiries concerning requests for access to documents or amendment of personal records under the Freedom of Information Act 1982, may be directed to:

   Telstra's Freedom of Information Unit
   Locked Bag 5691
   Melbourne 8100

or:

   Telstra Corporation Limited
   242 Exhibition Street
   Melbourne Vic 3000

Telephone enquiries should be directed to the Freedom of Information Co-ordinator on (03) 9632 3376.
Glossary

ACA: Australian Communications Authority
ACCC: Australian Competition and Consumer Commission
Access line: a fixed or wireless local access connection between a customer's premises and a carrier's local switch
ACIF: Australian Communications Industry Forum
ADSL (Asymmetric Digital Subscriber Line): a compression technology that allows combinations of services including voice, data and one-way, full motion video to be delivered over existing copper feeder, distribution and subscriber lines
AMPS (Advanced Mobile Phone System): a mobile telephone system predominantly based on analogue transmission
(ATM) Asynchronous Transfer Mode: a high bandwidth, low delay technology for transmitting voice, data and video signals
Bandwidth: the capacity of a communication link
Broadband network: a network to support pay television and on-line services
CDMA: Code Division Multiple Access
CSP (carriage service provider): a person that supplies a telecommunications service to the public using Carrier network infrastructure
Carrier: a licensed owner of certain specified transmission infrastructure that is used to supply telecommunications carriage services to the public; any person holding a carrier licence
Churn (where expressed at a rate): the rate at which subscribers to a service disconnect from the service. Churn is usually expressed as total disconnects for a period divided by the average number of customers for that period
Churn (where expressed as an activity): the transfer of a customer's telecommunications' service from one supplier to another. In the case of a transfer involving a resale arrangement, no disconnection occurs and a churn relates to a change in the legal entity responsible for a telecommunications service or account
Communications Minister: the Commonwealth Minister for Communications, Information Technology and the Arts
Commonwealth: Commonwealth of Australia
CSG: Customer service guarantee
Declared Services: a particular telecommunications service, or other service that facilitates the supply of services, that is subject to the regulated access regime. The ACCC has the responsibility for determining declared services, based on public inquiries or the recommendation of the ACAF
e-commerce: e-commerce includes buying and selling electronically over a network
ETSI: European Telecommunications Standards Institute. A body which sets European standards for telecommunications services
Frame relay: a packet switching technology for voice, data and video signals which uses packets of varying length, or frames. Frame relay can be used with any data protocol
FTA: free-to-air
Glossary

**Government**: the Government of the Commonwealth of Australia

**GSM (Global System for Mobile Communications)**: a mobile telephone system based on digital transmission

**International Switched Transit**: the process by which traffic from one country to a second country is switched via a third country

**ISP (Internet Service Providers)**: an Internet service provider provides the link between an end user and the Internet, usually by means of a dial-up service. An ISP is also likely to provide help desk, web hosting and e-mail services to the end user. An ISP may connect to the Internet via their own backbone or via services acquired from an Internet access provider

**Intranet**: a private network which uses Internet software and standards

**ISDN (Integrated Services Digital Network)**: a digital service providing switched and dedicated integrated access to voice, data and video

**LAN**: local area network - a short distance data communications network used to link computers and other equipment

**Local Exchange**: provides the point of connection for access lines to the telecommunications network and switches originating and terminating traffic to these access lines (customers)

**Networks and Systems Modernisation Programme**: refers to the Future Mode of Operation (FMO) programme which incorporated the simplification and modernisation of the network including the digitisation of the PSTN switches and provision of SDH transmission systems. It also included the integration and modernisation of service activation and assurance systems to support front of house activities

**Number portability**: the ability of end users to keep their telephone number when they change their telephone service provider

**PBX (Private Branch Exchange)**: telephone switch on a customer’s premises seen as terminal equipment on the public network

**Preselection**: the ability of a customer to choose a service provider. Preselection is on a “permanent” basis (when the customer selects a provider for all calls placed without an override code)

**PSTN (Public Switched Telephone Network)**: our national fixed network delivering basic and enhanced telephone service

**Reflex traffic**: when international traffic between a source and a destination is routed via one or more intermediate locations

**Reseller**: non-carrier providers of telecommunications services

**Telstra**: Telstra Corporation Limited and its controlled entities as a whole

**Telstra Entity**: Telstra Corporation Limited

**Telstra®**: a registered trade mark of the Telstra Entity

**Telstra Act**: the Telstra Corporation Act 1991 (Cth)

**TIO**: Telecommunications Industry Ombudsman

**TSLRIC**: total service long run incremental cost

**US GAAP**: generally accepted accounting principles in the United States
Glossary

**USO (Universal Service Obligation):** obligation imposed on carriers to ensure that standard telecommunications services are reasonably available to all persons in the universal service area

**WAN:** wide area network

**Wireless Local Loops:** low power, multi-directional radio systems to supply access to customers

**xDSL:** term used to describe various forms of digital subscriber line technologies that can provide very high-speed service using existing copper lines
## Five Year Financial Summary

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>17,571 A$m</td>
<td>16,703 A$m</td>
<td>15,430 A$m</td>
<td>14,716 A$m</td>
<td>13,613 A$m</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>18,218 A$m</td>
<td>17,302 A$m</td>
<td>15,983 A$m</td>
<td>15,239 A$m</td>
<td>14,081 A$m</td>
</tr>
<tr>
<td>EBITDA(1) - before abnormals</td>
<td>8,351 A$m</td>
<td>7,375 A$m</td>
<td>6,597 A$m</td>
<td>6,021 A$m</td>
<td>5,576 A$m</td>
</tr>
<tr>
<td>EBITDA(1) - after abnormals</td>
<td>8,351 A$m</td>
<td>7,375 A$m</td>
<td>6,597 A$m</td>
<td>6,021 A$m</td>
<td>5,576 A$m</td>
</tr>
<tr>
<td>EBIT(2) - before abnormals</td>
<td>5,849 A$m</td>
<td>5,053 A$m</td>
<td>4,244 A$m</td>
<td>3,670 A$m</td>
<td>3,372 A$m</td>
</tr>
<tr>
<td>EBIT(2) - after abnormals</td>
<td>5,849 A$m</td>
<td>5,053 A$m</td>
<td>4,244 A$m</td>
<td>3,670 A$m</td>
<td>3,372 A$m</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>5,320 A$m</td>
<td>4,468 A$m</td>
<td>3,805 A$m</td>
<td>3,242 A$m</td>
<td>2,973 A$m</td>
</tr>
<tr>
<td>Profit after tax &amp; minorities - before abnormals</td>
<td>3,486 A$m</td>
<td>3,004 A$m</td>
<td>2,568 A$m</td>
<td>2,174 A$m</td>
<td>2,003 A$m</td>
</tr>
<tr>
<td>Dividend</td>
<td>4,247 A$m</td>
<td>1,802 A$m</td>
<td>1,617 A$m</td>
<td>2,305 A$m</td>
<td>1,753 A$m</td>
</tr>
<tr>
<td>Total Assets</td>
<td>27,682 A$m</td>
<td>26,470 A$m</td>
<td>25,858 A$m</td>
<td>24,362 A$m</td>
<td>24,083 A$m</td>
</tr>
<tr>
<td>Gross Debt</td>
<td>7,211 A$m</td>
<td>7,772 A$m</td>
<td>7,981 A$m</td>
<td>5,143 A$m</td>
<td>5,856 A$m</td>
</tr>
<tr>
<td>Net Debt</td>
<td>5,769 A$m</td>
<td>6,458 A$m</td>
<td>7,036 A$m</td>
<td>3,739 A$m</td>
<td>3,066 A$m</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>10,294 A$m</td>
<td>11,079 A$m</td>
<td>9,938 A$m</td>
<td>12,668 A$m</td>
<td>11,727 A$m</td>
</tr>
<tr>
<td>Operating cashflow</td>
<td>6,574 A$m</td>
<td>5,635 A$m</td>
<td>5,254 A$m</td>
<td>4,478 A$m</td>
<td>5,414 A$m</td>
</tr>
<tr>
<td>Cash used in investing</td>
<td>(4,064) A$m</td>
<td>(3,609) A$m</td>
<td>(4,171) A$m</td>
<td>(3,870) A$m</td>
<td>(3,112) A$m</td>
</tr>
<tr>
<td>Cash used in financing</td>
<td>(2,484) A$m</td>
<td>(1,808) A$m</td>
<td>(1,572) A$m</td>
<td>(1,659) A$m</td>
<td>(340) A$m</td>
</tr>
<tr>
<td>Net movement</td>
<td>26 A$m</td>
<td>218 A$m</td>
<td>(489) A$m</td>
<td>(1,051) A$m</td>
<td>1,962 A$m</td>
</tr>
<tr>
<td>Capital expenditure &amp; investments</td>
<td>4,478 A$m</td>
<td>3,973 A$m</td>
<td>4,504 A$m</td>
<td>4,071 A$m</td>
<td>3,282 A$m</td>
</tr>
</tbody>
</table>

### Financial Ratios

<table>
<thead>
<tr>
<th></th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on average assets - before abnormals</td>
<td>22.7</td>
<td>20.1</td>
<td>17.7</td>
<td>16.6</td>
<td>16.3</td>
</tr>
<tr>
<td>Return on average assets - after abnormals</td>
<td>22.7</td>
<td>20.1</td>
<td>17.7</td>
<td>16.6</td>
<td>16.3</td>
</tr>
<tr>
<td>Return on average equity(3) - before abnormals</td>
<td>29.9</td>
<td>28.7</td>
<td>20.1</td>
<td>17.9</td>
<td>17.9</td>
</tr>
<tr>
<td>Return on average equity(3) - after abnormals</td>
<td>29.9</td>
<td>28.7</td>
<td>20.1</td>
<td>17.9</td>
<td>17.9</td>
</tr>
<tr>
<td>Interest cover (times) - before abnormals</td>
<td>9.4</td>
<td>7.6</td>
<td>9.7</td>
<td>8.6</td>
<td>8.4</td>
</tr>
<tr>
<td>Interest cover (times) - after abnormals</td>
<td>9.4</td>
<td>7.6</td>
<td>9.7</td>
<td>8.6</td>
<td>8.4</td>
</tr>
<tr>
<td>Gross debt to capitalisation(3)(4)</td>
<td>36.9</td>
<td>41.1</td>
<td>44.5</td>
<td>28.9</td>
<td>33.3</td>
</tr>
<tr>
<td>Net debt to capitalisation(3)(5)</td>
<td>31.8</td>
<td>36.8</td>
<td>41.5</td>
<td>22.8</td>
<td>20.7</td>
</tr>
</tbody>
</table>

(1) Operating profit before interest received/receivable, interest expense (borrowing costs), depreciation and amortisation and income tax expense.
(2) EBITDA before abnormals used as a measure of financial performance by excluding certain variables that affect operating profits but which may not directly relate to all financial aspects of the operations of the Company. EBITDA before abnormals is not a measure of operating income, operating performance or liquidity under Australian GAAP or US GAAP.
(3) EBITDA before abnormals less depreciation and amortisation.
(4) Excludes the effect of the special dividend of A$2,059 million provided for in the financial statements as at 30 June 1999.
(5) Based on gross debt (total current and non current borrowings) as a percentage of gross debt plus shareholders' equity.
(6) Based on net debt (gross debt less interest bearing assets and loans to employees) as a percentage of net debt plus shareholders' equity.