

Optus Community & Environment Report 2005-2006.



OPTUS COMMUNITY & ENVIRONMENT REPORT 2005-2006

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OPTUS

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This report was prepared with reference to the Global Reporting Initiatives (GRI) 2002 Sustainability Reporting Guidelines, including the Telecommunications Supplement July 2003. GRI's mission is to promote international harmonisation in corporate reporting of relevant and credible economic, environmental and social performance indicators to enhance responsible decision making. Financial data is reported separately as part of the SingTel Full Year Financial Report 2006.

OPTUS COMMUNITY & ENVIRONMENT REPORT 2005-2006



Corporate social responsibility is a core component in Optus' overall success.



At Optus we know our customers value the environment and the community – and hold us accountable for our impact on both. We also believe that as well as financials and market share, corporate social responsibility (CSR) is an important objective. For these reasons, I am pleased to say that this year we moved closer to our goal of becoming a corporate leader in environmental conservation and community involvement by 2010.

We are working to further integrate community accountability into Optus' culture and we have set ourselves specific targets to achieve this.

For example, in 2005-06 Optus is actively building relationships in the North Ryde area ahead of our move to our new corporate headquarters at Macquarie Park. We are exploring initiatives such as literacy programs with local schools, an after-school computer lab for children in public housing areas and bush and tree regeneration programs.

An environmental consultancy was also brought in to advise on ways we could further integrate community accountability into the Optus culture over the next five years.

This year was not only spent investing in future improvements. As this report outlines, there were many achievements in improving the lives of our people, helping our community and conserving the environment. From supporting our staff to better balance work and family adding to the 368 tonnes of handsets, batteries and accessories collected and recycled since 2001, to participating in charity events such as Starlight Children's Foundation – Star Day, we are proud of our progress.

Optus is on a journey to become a recognised leader in social responsibility. Whether you are an employee, customer, investor or policy maker, we look forward to working with you to preserve and improve the world we all share.

Paul O'Sullivan
Chief Executive
Optus

How well Optus has done in 2005-06 at making the company a better citizen of Australia.

"Optus and Bell Shakespeare's partnership has grown and developed into what I believe to be one of the most exciting and dynamic sponsorships in the arts industry."

Jill Berry, General Manager,
Bell Shakespeare.

Optus continued its commitment to a healthy and sustainable workplace, community and environment in 2005-06. Early this year, we commissioned an external consultant, to assist in making corporate social responsibility a core component of Optus culture. Their research and analysis involved various focus groups with internal and external stakeholders. The result was the identification of relevant themes and a framework of specific initiatives.

These themes and framework will define the company's actions in the years ahead.

There were many highlights and accomplishments in 2005-06. Optus staff continued to benefit from workplace programs offering the ability to buy and sell annual leave, negotiate flexible salary packaging and receive interest-free loans for purchase of annual public transport tickets. After extensive employee consultation, we introduced a new policy to further combat all forms of harassment and implemented a new set of flexible work tools to help employees and their managers pursue best practice work/life balance.

Optus supported various organisations in 2005-06. The Starlight Children's Foundation, Assistance Dogs Australia, the Cancer Council, Kids Help Line, Bell Shakespeare, Company B Belvoir and Tennis Australia were some of the many groups to benefit from our donations of time and money. Optus employee participation in the Australian Business Community Network mentoring program helped several schools in Sydney's south-west drop absenteeism by 50 per cent, raise academic scores by 60 per cent and improve reading levels by 100 per cent. To help Company B Belvoir increase accessibility to contemporary performance, Optus signed up as sponsor of the Community Access program which provided free performances for charity organisations and unwaged members of the community.

When residents close to our Rosebery and Ultimo facilities complained about noise, we investigated the problem and shut down operations at night until barriers could be installed. We then spent \$130,000 to construct sound proofing. No further action was requested. Optus also minimised environmental impact by leasing more than half of the 400 km of conduit required for additional network deployment during the year, reducing disruption to the environment and civil works.

Work is still underway on our new campus in Macquarie Park. When over 6,500 Optus employees relocate to the facility in 2007, they will find landscaped green spaces, various areas for work and leisure and attractive interiors designed to improve the work environment. The new facility is projected to achieve a 4.5 star energy rating and will include a variety of conservation measures including an on site stormwater management system and the re-use of rainwater for toilet flushing and irrigation. Optus is also making great efforts to become involved in the North Ryde community and is currently exploring possible projects.

If you have any ideas as to how Optus can help enhance our contribution, just let us know via community.relations@optus.com.au

Who We Are and What We Do

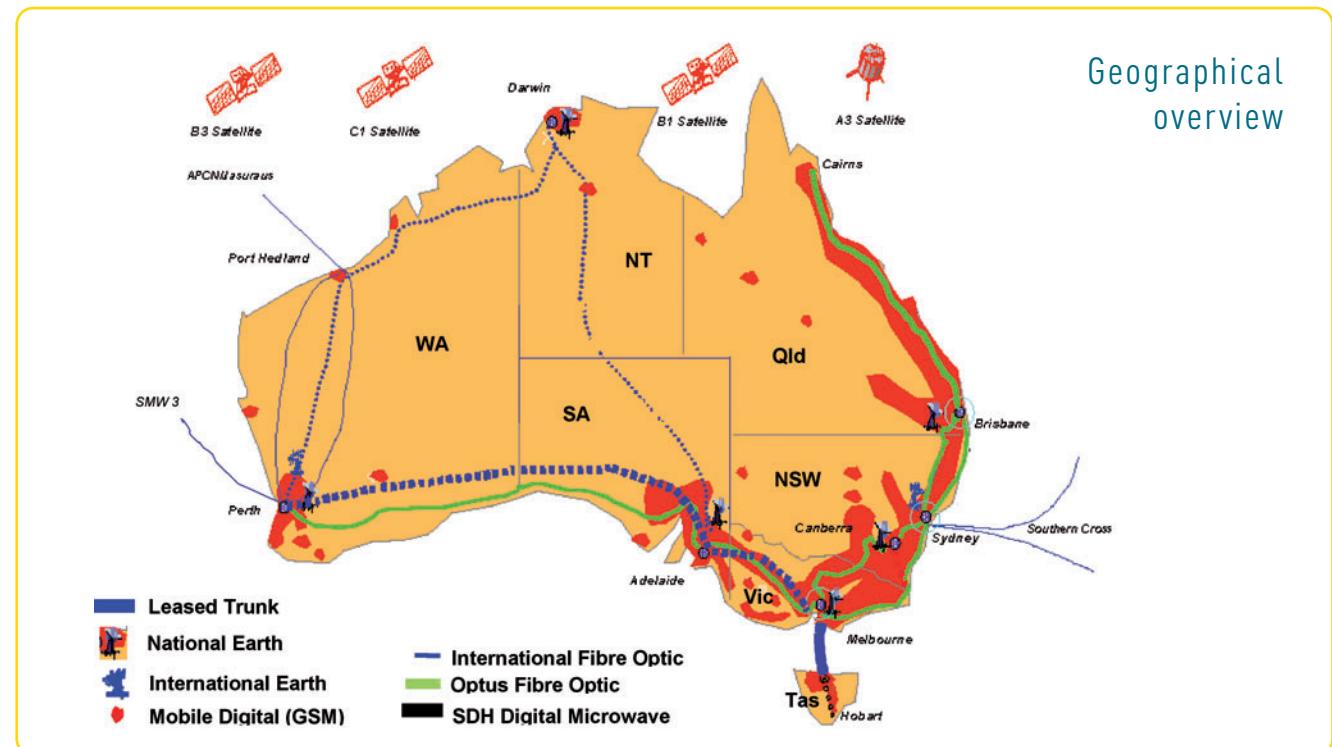


Optus is an Australian leader in integrated communications, serving more than six million customers daily. The company provides a broad range of communications services including mobile, national, local and international telephony, business networking, voice over IP, broadband, internet, satellite and subscription television.

Since it commenced operations in 1992, Optus has invested more than \$10 billion to construct its fixed, mobile and satellite networks, including central business district and suburban local access networks and fibre optics, national trunk, hybrid fibre coaxial and international undersea cables.

These networks give the company an advanced technology system that delivers communications, information and entertainment services.

In 2001, SingTel became the parent company of Optus, paving the way for it to become a strong and strategic telecommunications player in the Asia Pacific region.



Who We Are and What We Do

Developing a Corporate Social Responsibility Strategy



Optus Business and Optus Wholesale provide a range of services for the medium-to-large business, corporate and government sectors. Optus Wholesale provides services and capacity to other telecommunications companies. This segment integrates Optus' national and international operations, including satellite across the SingTel Group.

Optus SMB targets small-to-medium businesses in Australia and sells a range of products as packaged services. It is a leader in alternative access services, providing a new level of communications flexibility for businesses of all sizes.

Optus Consumer provides a full suite of entertainment and communications offerings. These include Optus Television, local, long distance and mobile telephony and high-speed internet access. Optus Mobile has around one third of the total Australian digital mobile (GSM) phone market and leads the sector in mobile data take up. In 2005, Optus announced a joint venture for the construction of a 3G mobile network. Sharing of the 3G network has commenced and resulted in less infrastructure development and fewer green field sites.

In 2005, Optus stated in its five year plan that it aimed to be a leader in corporate social responsibility (CSR) by 2010. As a result Optus commissioned an external consultant, to assist in developing an approach. The objective was to establish a framework relevant to Optus' social impact and aligned with the business and brand. CSR will become a core component of Optus' culture.

The research and analysis that was undertaken involved focus groups with internal and external stakeholders, gap and opportunity analysis and benchmarking. From this work Optus will develop activities across the impact areas of CSR.

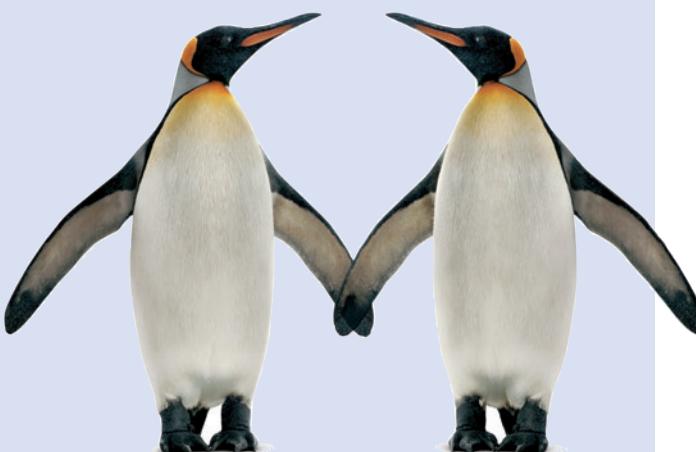
Key Initiatives

A number of initiatives have been prioritised for the next twelve months. This includes the enhancement of existing programs, as well as the launch of new programs. Some of the things Optus will be doing include:

- Launch of Optus Staff Volunteering
- Engaging with the North Ryde community and
- Identifying ways to reduce the impact of mobile phone bullying.

Employment Partnership Agreement

People are at the heart of what makes Optus different from its competitors. During 2005–06, Optus began preparations to renew its Employment Partnership Agreement with employees.



Policy Changes

The policies implemented during the reporting period fortified Optus' human resources vision of providing choice, growth and flexibility for staff.

We continued our successful programs that allow staff to buy and sell annual leave and negotiate flexible salary packaging for items such as laptop computers and PDAs. All staff members were also given the flexibility to choose into which superannuation scheme they wished their contributions to be made in response to the Superannuation Choice legislative changes.

The Travel Pass Loan system, which offers interest free loans for annual public transport tickets, remains yet another effective mechanism to encourage our people to use public transport.

The Paid Parental Leave policy was also adjusted to ensure participants receive payments immediately upon commencement of leave. Since making this change we have seen a marked increase in the number of people returning from parental leave.

We ran an Employee Engagement 'Pulse Check' in early 2005 and obtained feedback and insight from our people about how we can improve as an employer and remain a successful and respected business.

Other Initiatives

A new set of flexible work tools were implemented to help employees and their managers pursue best practice in work/life balance. These tools are a key component in allowing our people to better manage their work/life balance.

Optus continued to run Parental Leave Seminars and established a Parents' Forum to monitor the impact and management of the various lifestyle options available within the company.

We revised the 'Begin the Journey' employee induction program to ensure new staff now understand how Optus fits into the broader Australian telecommunications market and what to expect as a member of the Optus team.

We renewed the leadership values and behaviours expected from Optus people with the launch of the Leading2'yes' program. More than 1,200 managers attended these nationwide sessions and four additional training modules will be delivered during 2006–07.

We introduced employee childcare by partnering with A.B.C. Learning Pty Ltd and took out leases for childcare sites in Adelaide and Sydney. We plan to develop additional facilities in the coming years as the program grows.

Optus continued to run Equal Employment Opportunity (EEO) online training courses to ensure employees are aware of their legal rights and responsibilities in maintaining a working environment free from discrimination, harassment and bullying, over 80 per cent of staff successfully completed the program.

Enterprise Partnership Agreement



In September 2005, the Tip-Offs Anonymous service was introduced. This initiative provides a non-threatening channel for Optus staff to report incidents of workplace misconduct via telephone, mail and email. External provider Deloitte manages the service, ensuring an additional level of security.

Optus was recognised as a finalist in the 2005 Australian Human Resources Institute HR Awards for excellence in HR information systems. The company continues to strive toward excellence in people management.

Gender and Turnover

Optus' employment statistics for 2005–06 were as follows:

- The Optus workforce was 34 per cent female and 66 per cent male.
- Executive posts were 18 per cent female and 82 per cent male.
- The average age of Optus employees was 35.
- Annual employee turnover was 17 per cent, including call centres.

New Optus Headquarters

In 2007, Optus' operations will move to a central campus in Macquarie Park, NSW. The six low-rise office buildings will house 6,500 Optus staff and the campus offers a landscaped garden with on-campus areas for work and leisure.

The move to the new Optus campus presents many opportunities for involvement with the local community. Some of the potential initiatives we are exploring with North Ryde Council and local community groups include:

- **The Technology, Health & Education Children's conference involving 200 children from five local primary schools.**
- **An after-school computer lab for teenagers and children living in nearby public housing areas.**
- **Literacy programs with local Department of Education priority funded schools.**
- **Bush and tree regeneration program**

Optus will be a major business fixture in the North Ryde Council area and will strive to become a respected employer as we continue to progress in making offerings that attract and retain people who truly live the Optus' Values of Personal Excellence; Teamwork; Integrity; Customer Focus; and Challenger Spirit.

Occupational Health and Safety



The Optus Occupational Health and Safety (OH&S) Management system adopts a continuous improvement philosophy for all key elements of the system. At the start of each calendar year, the Corporate OH&S team – with input from members of the Safety Leadership Council (SLC) and broader HR team – measure and review the success of established programs and set objectives for the coming year.

To ensure clear vision and direction, a company OH&S strategy was developed and signed off by senior management in January 2005. This was then cascaded into each divisional OH&S management plan. Each plan outlined training matrices, improvement programs and lead/lag performance indicators for the 2005–06 financial year.

Open communication and leadership is central to OH&S performance and with this in mind the SLC was restructured in 2005 to ensure senior and divisional management commitment. The SLC met frequently throughout 2005–06 and has achieved its main objective of driving a wide range of OH&S initiatives throughout the company.

In 2005, OH&S performance indicators were included in all business process review meetings, with targets broadened to include online OH&S compliance training completion rates. OH&S compliance training was driven and measured across all business units as part of the company-wide training program.

New e-notification and online incident investigation systems were implemented in 2005, removing manual forms. These elements are integral aspects of the OH&S Management System, and the new online system has enabled injuries to be recorded and managed promptly and efficiently.

The migration of reporting platforms from Business Objects software to a new HR Management Information System (MIS) commenced in 2006. A series of new reports are being tested and will form the basis of OH&S reporting. The new reports will provide greater analytical flexibility, allowing user groups to be able to interrogate specific department results.

In 2005 the Safety Auditing program was extended across customer facing and key business units, with the highest risk division, Customer Field Services (CFS), achieving external certification against Advanced Level SafetyMAP. In 2005, Optus contracted an external consulting company to audit crucial areas in both Consumer and Networks using Initial Level SafetyMAP as the audit tool. The audit results were pleasing with each site developing corrective action reports and closing out all identified issues. In 2006–07 the internal audit program will be further extended across other customer facing and key business units and is a requirement of Optus' self insurance licence.

In addition, OH&S consultation processes were reviewed across the organisation with the aim of increasing consultation. Both Networks and Consumer customer facing units began this process during 2005–06. Completion of this process is a critical target for 2006–07.

Occupational Health and Safety

Self-Insurance Licence

Optus Administration Pty Ltd — the main employer of SingTel Optus Pty Ltd group personnel — became a national worker's compensation self insurer under the Safety, Rehabilitation and Compensation Act (1988) on 30 June 2005. The licence allows us to maintain commitments under the EPA 2003 as well as bring improved and consistent benefits of Worker's Compensation to all Optus staff.

Since receiving the licence, Optus Administration Pty Ltd has implemented a range of initiatives in prevention, claims management and rehabilitation to ensure compliance with the licence conditions.

In accordance with these requirements, Insurance Australia Ltd, trading as CGU Self Insurance Services, was contracted on behalf of Optus to oversee claims management, including the exercise of the Safety, Rehabilitation and Compensation Act delegations. In September 2005, Optus was subjected to a Licence Verification Audit by Comcare for claims management and rehabilitation, with positive outcomes. CGU and Optus maintain a close working relationship, holding regular formal reviews of claims management activities and open claims under the SRC Act. Optus' former insurer, QBE, continues to manage all tail claims in accordance with the relevant state statutory authority.

OH&S Targets

Optus develops annual OH&S objectives and targets at the beginning of each financial year. More than 80 per cent of OH&S 2005–06 objectives have been achieved, driving a significant reduction in workplace injuries.

In 2006, Optus met its annual target reduction for the workplace lost time injury rate (LTIR), achieving a 26.9 per cent reduction in comparison to the previous year's results. The lost time severity rate (LTSR) target was however not met.

Many of these improvements can be attributed to increased safety management across all customer facing and business units, prevention programs implemented company-wide and the self-insurance program which commenced in June 2005. We aim to continue further reductions in LTIR and LTSR over the next 12 months.

Comcare Commission Indicator reporting shows Optus' overall performance to be better than both the Comcare scheme and licencees' average performance (for the six months ending 31 December 2005). While Optus does not have a lengthy history as a self insurer, the positive comparative results reflect the sound practices and procedures that we have developed in prevention, claims management and rehabilitation during the last 12 months.

Occupational Health and Safety

Injury Management and Early Intervention

In line with the Optus Self Insurance Licence, Comcare was engaged in June 2005 to train the Corporate OH&S team and site return to work coordinators nationwide in rehabilitation case management under the SRC Act. In December 2005, Optus also commenced the rollout of a Worker's Compensation/Injury Management training program for all staff managers. We expect this training will be complete in 2007.

A review and update of the Rehabilitation and Worker's Compensation policies was completed, additional procedures manuals were developed and external rehabilitation providers were engaged.

Corporate OH&S personnel manage the rehabilitation process, the activities of external rehabilitation providers and company performance against commission indicators. Optus has also commenced quarterly performance reviews with each rehabilitation provider.

In January 2006, Optus engaged Masters Le Mesurier to undertake an independent audit of its rehabilitation and claims management activities. This included activities undertaken by the Claims Manager, external rehabilitation providers and the corporate OH&S activities related to rehabilitation. Overall we did very well, with only a small number of corrective actions which have now been closed.

Cooling Towers

In early March 2006 the Department of Human Services (DHS) Victoria visited Optus' Preston office whilst investigating a number of cases of Legionnaires' disease in the area. A water sample was taken from our cooling tower for testing, and water treatment contractors disinfected the tower as a precautionary measure.

Staff at our Preston office were informed of the situation and received information regarding the symptoms of the disease and what to do if exposure was suspected. Additional monitoring measures were also put in place.

On 9 March 2006, DHS advised that one of the samples taken from our Preston cooling tower had returned a very low but positive reading of the bacteria. Though all previous routine tests had been negative for the Legionella bacteria and no high Heterotrophic Colony Count (HCC) had ever been recorded for the premises during Optus' occupation of the site, Optus made a precautionary decision to relocate staff to other Optus sites. Separately, we worked with the owner of the premises to ensure that immediate remedial action, including further testing and treatment was undertaken.

Optus also worked closely with DHS to resolve the issue. In addition, Optus appointed an independent expert to advise on the matter to ensure proper ongoing functioning of the cooling tower system and employee safety.

Occupational Health and Safety



Since early March the Optus cooling towers at the site have undergone multiple cleans, disinfections and tests, including independent testing by DHS. No Legionella bacteria has been detected since the initial reading obtained by DHS in early March and DHS has complimented Optus on our management of the issue.

As a result of this exercise, Optus has put extra measures in place beyond statutory requirements. These include monthly independent water testing of cooling towers and independent annual reviews of the risk management plans for all buildings where Optus is an occupant.

Health and Wellbeing Program

In 2005–06 Optus continued to encourage healthy living and life balance through a range of national health initiatives. The Health and Wellbeing program was broadened to create greater awareness of preventative measures.

The program currently consists of the following broad sub programs: 'yes' Days (family days), influenza vaccinations, health expos, an intranet site, the executive health medical program and continuing business unit health and wellbeing initiatives such as walking groups, yoga programs, Fitness First briefings and corporate games.

The Health and Wellbeing website was launched in October 2003 and continues to provide a wide range of health information. The website was upgraded in 2005–06 to provide information on mental health and depression and three comprehensive libraries – health conditions, herbs and nutrients – with more than 150 individual entries. Monthly articles on the website ranged from developing a personal fitness plan to heart health to healthy eating. The Simply Better quarterly newsletter was also distributed to all employees via the website.

Optus Family Days

Optus 'yes' Days are annual events in all states and were a huge success in 2005–06. From Randwick Racecourse, to zoos and Wet 'n Wild, Optus staff and their families enjoyed a memorable day with more than 10,000 attendees nationally. 'yes' Days give Optus employees, their partners and their children an opportunity to enjoy a day of fun, food and entertainment.

The Employee Assistance Program

The Employee Assistance Program (EAP) is a counselling and advisory service for employees and their immediate families that provides professional assistance for any personal or work-related problems. The service, run by external consultants, is confidential and aims to enhance employee wellbeing, both personally and in the workplace. Throughout 2005–06 there was an increase in the utilisation rates of the EAP with 1,286 hours of counselling provided. Employees from a range of areas across the organisation used the EAP service, indicating a strong awareness. Referrals to EAP came from a range of sources such as intranet and promotion activities, with employee

Occupational Health and Safety



self-referral equating to 38 per cent. Managers and the Human Resources/OH&S departments were also effective in referring employees to the EAP, with 21 per cent and 10 per cent referrals respectively. In the last quarter of 2006, 17 per cent of referrals were from family members.

Flu Vaccination Program

The Flu Vaccination Program ran for four months in 2005 at selected sites in most states. In 2006, Optus fully subsidised the cost of the program for all permanent Optus employees. An online booking program was developed that allowed staff to undertake a self-service booking for each site. This new process was very successful and provided a more efficient and streamlined service. This service will continue again in 2006-07.

Optus Health Expos

The Optus Health Expos were held during November 2005 and again received a good response from employees. The expos were a great opportunity for the Optus employees to check many aspects of their health, seek exercise tips and receive a range of other lifestyle information. There were 10 stalls at each site including cholesterol and glucose screenings, healthy cooking demonstrations and fitness tests. An assortment of health-related partners including Fitness First, beyondblue, Davidson Trahaire Corpsych (our Employee Assistance Program provider) and our new health insurance provider GMHBA (Geelong Medical and Hospital Benefits Association) provided additional support and information.

Dealing with Mental Health in the Workplace

It is estimated that in any given year around 1 million Australians and 100,000 young people suffer some form of depression. Optus, along with other major Australian organisations, collaborated with the University of Queensland on an innovative research study – the Work Outcomes Research and Cost Benefit Project (WORC Project) in July 2005.

Twenty per cent of Optus employees completed a general health and emotional wellbeing survey. The University of Queensland in conjunction with Harvard University conducted this national workplace health initiative funded by the Department of Health and Ageing. The WORC Project supplied Optus with a report on the general physical and mental health status of our employees. This report outlined the incidence of a variety of disorders and benchmarked them against national averages.

Optus developed a range of mental health initiatives over 2005-06 based on the outcomes of this report. This included posting detailed information on the website about coping with depression, engaging beyondblue and Davidson Trahaire Corpsych to participate in the health expos and partnering with beyondblue to provide line management training in managing depression in the workplace. These initiatives will continue in 2006-07.

Occupational Health and Safety



Corporate Health Plan

In 2005, Optus appointed GMHBA as our preferred provider of services under the Corporate Health Plan. This followed an extensive tender process to achieve competitive pricing and service excellence. All Optus staff that transferred to GMHBA before 1 July 2005 had their annual benefit limits reset. Information sessions were held at major Optus locations during May 2005 and June 2006.

Athletic Participation

Optus has continued to promote the Corporate Games events, with most states participating in a fun run or similar event as part of the Optus Health and Wellbeing program.

In August 2005, 290 Optus people, their families and friends joined 60,000 others in the 35th City to Surf in Sydney. Before the race, the team was joined in Hyde Park by several costumed zebras from the new Optus brand commercial.

Optus was once again a central supporter of the NSW Corporate Games event held 23–26 March 2006. Optus was the most successful of the 304 organisations that participated, entering a team of 609 people. Optus won the Sport for Life award for the 14th year and also won the Medallist Award after collecting an impressive 47 medals. At the Australian Corporate Games held in Victoria in November 2005, Optus increased its participation by 40 per cent on the previous year and enjoyed strong representation in most sports, even winning the Sport Championship award in tennis. Several teams also competed in the Games in Brisbane, and Adelaide employees represented Optus at the annual City to Bay run.

Community

The Optus philosophy is to give back to the community by supporting a range of arts, community and sporting organisations. Our partners reflect our values and strengthen the communities we live and work in. These organisations are driven by common values of excellence and innovation, exemplifying Optus' challenger spirit. We prefer to do fewer things better, providing deep and involved support to our community partners.



Our sponsorship and community initiatives deliver benefits through providing financial contributions, communications services, management expertise and, most importantly, staff involvement.

Workplace Giving

Year after year, Optus staff are involved in a variety of fundraising activities. This overwhelming desire to contribute prompted us to introduce a workplace giving program called "Answering the Call". This enables Optus people to make an efficient and cost effective contribution to the community by donating to a charity or direct from their salary pre-tax.

Staff were asked to vote for their favourite charities who would join Optus' current charity partners on the program. Optus now proudly supports the following organisations as part of "Answering the Call": Assistance Dogs, the Cancer Council, Juvenile Diabetes Research Foundation, Kids Help Line, Mission Australia, RSPCA, The Salvation Army, Starlight Foundation and Youth Off The Streets. Optus senior management are committed to supporting this initiative and the company matches employee contributions dollar for dollar up to \$100,000. In the 12 months to March 31 2006 staff contributed \$68,500 through this program. With Optus matching \$137,000 was distributed amongst our workplace giving partner charities.

Optus people embraced these charities and also contributed via a range of fund raising activities. For example, in 2005-06, Optus participated in Hogs for Dogs, a charity ride through Royal National Park, as well as selling toys, Christmas cards and pins to support the organisations.

Optus Assistance Dogs' Breakfasts were also held in Sydney and Melbourne. All proceeds from the day's BBQs and best dog contests went to help Assistance Dogs.

Australian Business Community Network

Optus is a founding member of the Australian Business Community Network (ABCN). ABCN was developed in collaboration with IAG, UBS, Fairfax, Channel Ten, Goldman Sachs JB Were, Bain International, Malleson Stephen Jacques, KPMG, Minter Ellison and HBOS to explore how businesses can improve their impact on society. ABCN identified education as a critical area for businesses to invest in for three reasons. First, future skills shortages are likely to affect Australian competitiveness and the supply of skilled young people into the workforce is vital for success. Second, a significant proportion of the Australian population falls into high-risk categories where literacy and numeracy problems are higher than average. Third, businesses can provide the type of skills and resources necessary to enhance the capabilities of professionals and students in the education sector.

Community

As a result of these findings, ABCN worked in conjunction with the NSW Department of Education to launch a pilot program with a select group of schools in Sydney's south-west. This area is one of the most economically disadvantaged districts in Australia and has a number of schools in the NSW Department of Education Priority Schools Funding Program (PSFP). This funding allocation is based on the fact that the majority of students come from non-English speaking backgrounds, there are high concentrations of refugees and unusually high unemployment rates. The proven links between low socio-economic status and educational achievement led ABCN to focus its initial activity on this region.

Nine Optus people participated in four pilot mentoring programs. These included Business Leader and Principal Partnering consisting of five to six relationship building sessions between business and school leadership; Partners in Learning, connecting executive partners and deputy principals; a one-on-one mentoring program between Year 9 students and executives; and the SPARK reading program for primary school students.

Results from the ABCN efforts in 2005-06 included:

- 100 per cent of deputy principal partners achieved a greater understanding of the corporate sector and the aspects of the business world that can be leveraged to benefit education.
- Student absenteeism fell by 50 per cent.
- Significant improvement of more than 60 per cent of academic scores.
- Drop-out rates of 18 per cent at the end of Year 10 reduced to zero.
- 100 per cent of primary school students showed improved reading levels at the conclusion of the SPARK program.

Juvenile Diabetes Research Foundation

The Juvenile Diabetes Research Foundation (JDRF) aims to find a cure for diabetes and is the world's leading not-for-profit, non-governmental contributor to diabetes research. Optus has an ongoing relationship with the foundation and continued to support it through participation in their major fundraising initiative – Walk to Cure.

The annual nationwide Walk to Cure Diabetes was attended by various Optus families, friends and colleagues in October 2005. This was the fourth year Optus participated in the event, and Optus' 454 registered walkers raised \$42,000.

Other fundraising events for JDRF included a BBQ and raffles. A trivia afternoon brought teams together dressed in country outfits to compete for prizes and trivia points. The trivia games collected close to \$1,000 for JDRF in a single afternoon.



Community



Starlight Children's Foundation

The Starlight Children's Foundation is dedicated to brightening the lives of critically, chronically and terminally ill children aged from four to 18. Founded in 1998, Starlight's magic touches around 220,000 children and their families annually through its wish granting and entertainment programs for children in and out of hospital.

In May 2005, Optus volunteers worked on Star Day, the organisation's largest fundraiser, and collected in excess of \$72,000. More than 400 Optus staff sold Starlight merchandise raising \$43,000, whilst \$29,000 was raised from merchandise sold through Optus World Stores.

During the year Optus staff in Melbourne formed the "team for dreams" and raised funds to buy fun centres for children's wards. These fun centres provide much needed entertainment for children too ill to leave their beds.

In April, Optus helped one of the children from the foundation get his wish to toss the coin at the opening of the Davis Cup and meet his sporting heroes.

Sacred Heart Mission

The Sacred Heart Mission is a Melbourne charity that provides sanctuary to those experiencing social and economic hardship and helps them get back on their feet. A member of the Optus group of companies, Uecomm held a number of activities including BBQs and letterbox drops in 2005-06 to give staff the opportunity to donate time and money to the Mission. Employees were taken by a minibus once a month to visit the property and assist in preparing and serving the charity's free, three-course lunch that it serves to more than 400 people every day.

HiBIS and Affordable Broadband for the Bush

Following the introduction of the Federal Government's Higher Bandwidth Incentive Scheme (HiBIS), Optus strove to capture more rural and regional broadband customers through the Broadband Satellite Service. HiBIS funding is available to eligible individuals, small businesses and not-for-profit organisations and covers the majority of satellite equipment and installation costs.

Through providing the satellite service, Optus is going one step further to bridge the digital divide between regional and metropolitan areas. People in the bush now have access to a seamless and affordable broadband service, giving them the freedom of high-speed internet via satellite.

Community

Space Ace

In April 2005 Optus launched Space Ace, an online science quiz for both primary and secondary school students nationally. Over 1000 schools registered and 5310 students entered the competition. The program was designed to motivate and inspire students towards a career in science, space and technology and aligned with the launch of Optus' D1 Satellite. Eight state and territory finalists drawn from across Primary and Secondary schools travelled to Optus headquarters in Sydney on the weekend of 27–28 August 2006 to compete in a real time head-to-head challenge, hosted by Dr Karl Kruszelnicki.

The overall winners were Jasmine Meagher from Soldiers Point Public School, NSW in the Primary School category – and in the Secondary School category Matthew Tucker from Taroona High School, Tasmania. They will take their teacher and a parent/guardian to see the launch of the Optus D1 Satellite from French Guiana, South America (via Paris) in 2006. All runners-up won a \$2,000 Sony Multimedia pack for their school.



Community



“Kids Help Line is Australia’s only free, confidential and anonymous, 24-hour telephone and online counselling service for young people. We are delighted to continue our long-standing partnership with Optus, which has been successful since it was formed in 1999.

“During our relationship, Optus has helped us raise more than \$3,200,000. This money ensures KHL can continue to provide the community’s youth with this valuable service.”

Susan Chenoweth
Manager Corporate Relations
Kids Help Line

Kids Help Line

Optus is making it easier for kids to get the help they need. We have worked with Kids Help Line (KHL) since 1999, supporting the establishment of the world's first free real-time online counselling sessions. Through our marketing activities we continue to raise awareness of KHL's telephone and online counselling.

Young people between five and 18 years can make a free call to Kids Help Line at any time of the day, seven days a week. All calls made to Kids Help Line on Optus mobile phones are also free.

KHL is staffed by nearly 100 paid, professionally trained and supervised counsellors and many more volunteers. Callers and online clients have access to counsellors and can choose to talk to a male or female. Kids are also able to call back or re-connect to the same counsellor over a period of time as they work through their issues.

The principal values underpinning counselling at KHL are empowerment and child-centred practice. Empowerment involves helping each caller or online client to clarify their concerns, formulate opinions, develop strategies for positive change and identify and understand the consequences of particular courses of action.

As a leader in delivering innovative communications solutions for businesses, Optus is committed to expanding the KHL service through facilitating greater interactivity between counsellors and young people online.

When Optus moves to Macquarie Park in 2007, we plan to establish strong relationships with our neighbours and community groups in the area. In September 2005, Optus held a two-hour Kids Help Line Parenting session on ‘Raising Resilient Children’ at North Ryde public school. This was extremely well received and a fantastic opportunity to open the lines of communication between Optus and the North Ryde community.

Arts

Optus values the development and perpetuation of Australia's artistic and cultural assets. The organisations Optus supports showcase some of the country's finest artistic talent.

Cirque du Soleil: First in the Nation

Cirque du Soleil has more than 50 performers from ten countries and its performance is a combination of acrobatic feats, technical expertise, extravagant design and exceptional music, all woven into a seamless performance. Optus served as the presenting partner for Cirque du Soleil's 2004-05 run of 'Quidam' in Australia. Our sponsorship helped bring this amazing spectacle to Australian audiences.

The annual AMI Awards for Marketing Excellence reward outstanding examples of marketing programs. Awards events are held in every capital city to announce individual state winners. In 2005, the Optus Sponsorship team was awarded the NSW Award for Marketing Excellence in the Sponsorship Category for the Cirque du Soleil program. In judging the awards, emphasis was given to: the key outcomes that contributed value to the organisation; differentiation; innovation; effective use of resources; and measurement. Optus and Cirque du Soleil went on to win the AMI National award for best sponsorship for 2005.

Bell Shakespeare Company

In June 2003, Optus became the Principal Education and Youth Sponsor of the Bell Shakespeare Company. The partnership enables Bell Shakespeare to further expand its educational activities and to reach more students each year.

Bell Shakespeare's Actors at Work program performed at the Dubbo Distance Education Studio thanks to the support of Optus and the NSW Department of Education and Training. The company broadcasted extracts from Shakespeare plays to outback New South Wales. Primary and junior secondary students on remote homesteads were able to receive the transmission via our satellite, while senior students viewed the production in small rural schools and other isolated locations through our satellite and video conferencing technology. Optus is proud to use technology to bring the resources of the city to the country.

Australian Brandenburg Orchestra

Optus continues to assist the Australian Brandenburg Orchestra (ABO) in its pursuit of musical excellence, attracting new national and international audiences. Optus is entering its sixth year as a partner in the orchestra's growth.

In September 2005, school children from different parts of the country participated in the annual Ryde Eisteddfod. The Ryde Eisteddfod is a competition in the performing arts, offering prizes and scholarships to children of all ages for solo singing, choir, solo dancing, troupes, speech and drama, solo instrumentals, bands, orchestras and ensembles. Optus donated the prize for the Eisteddfod String Quartet competition, allowing the four girls of the winning quartet to experience the magic of the ABO. This is just one way Optus has used a national sponsorship to add value at a community level.

Arts

"Our relationship with Optus is the backbone of our corporate support, and we feel very grateful to have found a business partner that cherishes our work and provides such concrete support for the Company's artistic ambitions. Much of our work can be challenging (as well as intelligent, playful and celebratory!), and we are lucky that we have found in Optus a Corporate Partner that is excited and unafraid of challenge and innovation.

Rachel Healy, General Manager
Company B

Company B Belvoir

Company B engages Australia's most gifted and promising directors, actors and designers, and performs from its theatre in Belvoir Street Surry Hills and in major arts centres and festivals at home and overseas. Our organisations share a mission to provide intelligent and challenging alternatives for customers and audiences.

Indigenous theatre director Wesley Enoch has been appointed Company B's first Associated Artistic Director. Wesley has directed many plays for Company B, including *The Dreamers*, *Conversations with the Dead* and last year's sold out hit *The Sapphires* starring Deborah Mailman. The first work he will direct in his new role is *Capricornia*, an adaptation of Xavier Herbert's classic novel of racial conflict in the Northern Territory during the 1930s.

The Optus Community Access Performance Program is a joint initiative of Company B and Optus and consists of the Unwaged Performance Program and the Charitable Tickets Program.

Company B aims to provide access to its work by minimising and/or eliminating the financial and social reasons that deter audiences. The Unwaged Performance Program addresses this problem through open access to the group's performances. One mid-week matinee of each show (between six and seven performances each year) is performed free-of-charge for unwaged members of the community. Entry is via display of an individual's healthcare card. This unique program ensures that even financially disadvantaged members of the community are still able to attend live theatre performances.

Usually held on the last Thursday of the season, unwaged performances are promoted through community radio, Centrelink, community housing, refugee and medical centres, and The Sydney Morning Herald and street press. Unwaged performances have an average attendance of 280 people per show.

Sports

Optus takes the development of young Australian sporting talent seriously. The company's backing enables emerging athletes to find success in Australia and abroad.

"Optus continues to be a valued supporter of tennis in this country, assisting Tennis Australia in our goal of getting more people to play tennis more often. Their sponsorship encompasses grassroots junior development through to elite competition.

"The continued support of Optus for tennis in Australia ensures our future champions receive the levels of coaching and international competition required to compete on the world stage.

Steve Wood, CEO
Tennis Australia

AFL

Optus continues to support the Sydney Swans and Carlton Football Club. In early 2006, Optus staff and customers were given the chance to experience a unique team training session. Customers joined teams and coaches at the SCG and at Optus Oval in Melbourne to get professional tips and test skills against their favourite players. Guests were given their own authentic Guernsey and talked footy with the players over food and drink afterwards.

Optus donated sporting memorabilia accessed through our AFL sponsorships to various charitable groups for fundraising. This is another way Optus has used high profile sponsorships to add value at a community level.

We are delighted to share in the premiership success of the Sydney Swans in 2005.

Tennis

Optus Team Tennis Australia develops and supports players from the grassroots junior levels, all the way to the elite events of the Australian Open, Davis and Fed Cups.

Central to the juniors program is the Optus High Performance Player Program, which brings talented juniors together and focuses on building a team culture and future tennis champions.

A record number of juniors are now travelling under the Optus Team Tennis Australia banner and are achieving excellent results. At present, Australia has seven boys and two girls in the top 100 International Tennis Federation world juniors. Fifty countries are represented in the top 100, making Australia's rankings impressive. The amount of travel required to become ranked on the list would not have been possible for many young athletes without Optus' support. This year, international under 14 and 16 teams reached the world finals for the first time since 1999 in the World Junior Tennis competition and the Junior Davis and Fed Cup respectively. This is a fantastic effort.

Optus also continues to support wheelchair tennis athletes with Wheelchair Scholarship Awards. These provide vital funding that keeps Australia competitive on the world stage, as the country's isolation makes it hard for athletes to get tough competition on a regular basis. We also sponsor the Australian Wheelchair Open which was held in January following the Australian Open.

Consumer Liaison Forum

The Consumer Liaison Forum (CLF) was established in 1995 and provides a mechanism for Optus to better understand key consumer issues. Based on consultation with Optus' Community and Environment Manager, the key themes identified by the CLF in relation to Optus community and environment initiatives are transparent decision-making, proactive engagement with a range of stakeholders and employing stronger messaging to explain the positive initiatives Optus undertakes.

The CLF's nine members represent peak national consumer organisations. Consultations where CLF members provide advice and input on issues related to their areas of expertise occur regularly, and the entire group meets formally once a year.

Since its inception, the CLF has helped Optus better understand the issues that matter to consumers. It also gives consumer representatives an opportunity to raise concerns and learn more about Optus products, policies and procedures. The CLF is a flexible and non-bureaucratic way for Optus to explore areas of interest to Australian telecommunications consumers.

Cultural and Linguistic Diversity Plan

Optus launched its Cultural and Linguistic Diversity Plan in 2002 to help meet the company's obligations under the Racial Discrimination Act (1975).

The plan focuses on removing barriers to accessing Optus' goods and services for customers, potential customers and employees, regardless of their race, colour, language or national and ethnic origins. Further information on the plan can be obtained from Optus Customer Service or on the website at www.optus.com.au/diversity.

Disability Action Plan

Optus launched its Disability Action Plan (DAP) in December 1999. The plan was developed through consultation with disability organisations and CLF members. The DAP aims to remove barriers to access for customers, potential customers and staff.

The DAP has been instrumental in improving the way Optus meets the needs of consumers in Australia. Disability equipment is now available to all fixed line residential customers. The Optus website complies with international Website Accessibility Guidelines. Billing options have been expanded to include large-font bills for customers on the Optus mobile and cable network, as well as our existing braille bills for post-paid mobile, local direct connect and long distance telephone customers.

Copies of the DAP and its reviews can be found at www.optus.com.au/disability or obtained from Customer Service.

Regulatory Compliance

Since 1997, Optus has been subject to a self-regulatory regime that fosters competition and is coordinated by the Australian Communications Industry Forum (ACIF).

As a founding member of ACIF, Optus actively participates in its processes and is strongly represented on its committees, reference panels and board. Optus is committed to complying with ACIF Codes of Practice.

Another area that is important to the community is customer privacy. Optus upholds its customers' right to have their information handled in accordance with the relevant privacy legislation. As part of its commitment to privacy, Optus has developed and implemented the Optus Privacy Policy, which outlines how Optus handles customer information. Visit www.optus.com.au/privacy for more information.



Environmental Policy and Environmental Management System

Optus is committed to installing, operating and maintaining a high-quality telecommunications network with minimal impact on the natural and built environment.

Our Environmental Management System (EMS) is periodically refined to ensure this commitment is met.

Optus will continue to review and alter the EMS as necessary to maintain legislative compliance and adhere to environmental best practice for the telecommunications industry. The EMS is available from the Manager of Environmental Affairs, whose contact details are at the end of this report.

Optus prioritises environmental risk management as each issue relates to its key operating activities. The table below summarises our ratings of these issues in 2005-06.

Issues of Environmental Concern

Activity	Soil & Water Quality	Dust, Noise & Vibration	Flora & Fauna	Cultural Heritage	Visual Impacts	Waste	Energy Use & Greenhouse Gas Emissions
Inter-city Fibre Optic Cables	A	A	A	A	A	C	B
Suburban Cables	A	A	A	A	A	C	A
Mobile Telephone Network	A	B	B	B	A	B	A
Satellites	C	C	C	C	B	C	B
Microwave Links	C	C	C	C	A	C	B
Corporate Facilities	N/A	C	N/A	N/A	N/A	A	A

Key: A = KEY ISSUES B = IMPORTANT ISSUES C = MINOR ISSUES



Environmental Audits



Optus Networks completed eight field audits during 2005-2006; four in the Sydney area, one in Newcastle and three in Queensland. The audits in Sydney and Newcastle were of typical construction activities in an urban environment, while the Queensland audits were largely related to rural projects.

The urban audits

- Illustrated that contractors were not paying adequate attention to environmental issues at the construction site, particularly stormwater management and erosion and sediment control.
- Revealed that contractors' Environmental Management Plans (EMPs) for the installation works were either not available onsite, not adequate and site-specific, or not being adequately implemented.

The rural audits (of a large 85km fibre optic cable installation):

- Showed that the EMP in use was co-written by Optus and the contractor, so it was adequate and site-specific. However, the EMP document was not onsite and there was evidence it was not being adequately implemented. In addition, some sub-contractors were not aware of the EMP and their requirements under it.

The results of these audits further supported a number of current initiatives, including the online contractor Environmental Management Systems (EMS) training, the creation of an Optus Networks template EMP for contractors, additional emphasis on EMS and EMPs at training sessions, and, in one case, suspension of a contractor.

Environmental Actions



Optus Construction Works

Optus will be participating in a review of the ACIF Guideline G591 – Telecommunication in Road Reserves – Operational Guidelines for Installations, scheduled to commence 17 July 2006. This Guideline, introduced in 2002 to replace an earlier Austroads Code of Practice, is aimed at improving coordination between carriers deploying or maintaining network and road authorities. A major objective is minimising the environmental impact of these activities and identifying solutions that take account of the total community interest.

During the past financial year, Optus has reduced the environmental impact of new fibre optic network construction by leasing approximately 244km of conduit of the total of more than 400km required for its network deployment. In other words, Optus has leased conduit from other parties and pulled new cable through existing pipes rather than construct new trenches, minimising the need for disruptive civil works, and the associated risks to the environment.

Training and Learning

Optus Networks' Land & Environment Group provided comprehensive in-person Environmental and Land Access Training to more than 150 Optus staff in Adelaide, Brisbane, Canberra, Melbourne, Perth and Sydney, and remotely for staff in Darwin. The following teams received training:

- Design and Build/Customer Delivery
- Service/Customer Assurance
- Damages and Relocations
- Facilities Access
- Access Engineering

Major topics included Optus' responsibilities and obligations under the current legislative environment, environmental offences and due diligence, the Environmental Management System (EMS), Environmental Management Plans (EMPs), roles and responsibilities and specific environmental issues.

The Land & Environment Group's Enviro-News newsletter went out twice, providing staff with information and discussion on topical environmental issues and acting as an informal training tool. Project-specific environmental and land access training is also provided to numerous groups within Optus on an ongoing basis.

We have continued to refine an online e-Learning package, focusing primarily on EMS, EMPs and construction site set up. In the future, we plan for this training module to be mandatory for all Optus construction contractors. It will also be rolled out as a mandatory training package for target groups within Optus' internal MyLearning framework.

Environmental Actions

Protecting Flora, Fauna and Heritage

All projects involving the installation of Optus Networks facilities (such as fibre optic cable, pits, manholes and radio or satellite dishes) external to property boundaries are assessed by the Optus Land & Environment Group to determine their adherence to the telecommunications legislation. This includes searching national, state and local heritage lists to confirm that the proposed installation will not impact these items and areas.

When facilities needed to be installed in areas deemed 'environmentally significant' under the telecommunications legislation, we obtained development consent or undertook detailed environmental assessments to permit network deployment in a manner sensitive to the particular local conditions.

Numerous archaeological studies were commissioned for underground cable installations in areas of potential archaeological significance, such as Parramatta and Newcastle. The purpose of these studies was to confirm that the proposed Optus installations would not have a significant impact on any archaeological relics and to satisfy state planning law requirements.

Wombat warrens and Fibre Optic Cable

Wombat warrens between Bookabie West and Redgate Tank in South Australia have been previously identified as a serious risk to the integrity of the Optus main trunk fibre optic cable between Adelaide and Perth. To develop long-term management strategies for the protection of Optus fibre optic cable from the Southern hairy-nosed wombat warrens, Optus has engaged a professional consultant, originally through Adelaide University, to study wombat activities in this area for the last seven years. The most recent report indicated that 116 warrens were surveyed during the last field visit. None of these were newly constructed and only one had expanded in size by more than one metre.

All previous remedial work conducted by Optus has remained in place and was largely undisturbed by the activities of the resident wombats. Only one warren had required remedial action during the previous visit to reinforce the entrance of the burrow to prevent erosion from exposing buried marking tape and cable. The latest site visit in March 2006 showed this remedial work to be in good condition.

The latest site visit resulted in one other warren requiring remedial activities. In the three-month period prior to this visit, the warren was extended to within one metre of the cable and at the same depth. Given the proximity of the warren to the main trunk cable, there was no alternative other than to collapse the problem tunnel, leaving an alternate tunnel that runs parallel to the cable. This warren will be monitored closely over the next 12 months.

Environmental Actions



Major Fibre Optic Cable Installation in Queensland

The installation of approximately 85km of fibre optic cable from northern Brisbane up to the Sunshine Coast has been completed under a comprehensive environmental assessment and environmental management plan. In part as a result of environmental non-compliance discovered during field audits, a contractor was suspended from further work until all identified problems were remediated. It was reiterated to the contractors that they must follow the environmental management plan for the installation to ensure all potential environmental issues and incidents are prevented and managed.

In addition, Optus engaged in extensive consultation with Queensland Parks & Wildlife regarding the installation of the cable adjacent to a protected scientific area and along forestry roads in a state pine plantation.

Optus surveyed property boundaries to ensure our installation remained outside the protected area, and chose a route that eliminated the need to clear buffering vegetation. Within the forest, environmental concerns, particularly with respect to remnant riparian vegetation, were taken on board and appropriate measures were implemented to minimise the impact of works.

In Focus: Osprey Conservation

Because many Optus towers are located near coastal communities and estuaries, they make ideal perches and nesting areas for ospreys. Optus crews often deal with the challenge of bird nests on towers when they need to access the elevated platforms.

After several discussions with the EPA and relevant National Parks and Wildlife departments, Optus devised a plan to encourage birds to nest on the towers in a way that wouldn't interfere with human access. Several approaches were trialled before a two and a half metre pole topped by a circular basket of metal spokes was found to be the most effective. The design ensures birds nest higher than the access platforms and are generally not disturbed when crews arrive.

Even so, during early chick development only in the event of an emergency are the towers accessed so as to minimise human interference with the birds.

Several chicks have been successfully reared in the structures that now sit on towers in Ballina, Labrador, Mackay North, Port Douglas, Slade Point and Thornside. The concept is now being emulated by power providers and the National Parks and Wildlife service is using the structures in other sites throughout Queensland.

Environmental Compliance

Infringements

In June 2005, Optus was issued with a Notice to Take Preventative Action by Sydney City Council (SCC). This related to noise from our exchange facility at Rosebery NSW, although there had been no additional noise generating equipment installed nor any change to existing operations. The complaint was from occupants of a third-floor apartment about 150 metres from the site. A number of trials were conducted to identify the source of the noise. The noise seemed to be coming from air conditioning chillers on the roof of the facility. As an interim solution we undertook not to run most of the chillers at night until sound proofing baffles could be installed.

In August 2005, a separate complaint was received by SCC regarding another Optus facility at Ultimo in Sydney, although no notice was issued by the council. Again a range of evening and day tests were conducted to identify the specific source of machinery generating the noise. Pumps on the roof of the facility were identified as the most likely cause. A number of fans, air conditioners and other machines were turned off at night to minimise the effects on neighbours until acoustic shielding could be installed.

Construction to install noise shields at both sites commenced in late January 2006 and was completed by late February, at a cost of \$130,000. No further action is required at these locations, although we will continue to respond to any issues raised by the council.

Last year we reported on a diesel spill at Campbellfield Victoria, which continues to be the subject of interviews and investigations by EPA Victoria. At this stage the action to be taken by the EPA has not been finalised, although all site remediation has been completed. Specific process changes and the construction of protective devices such as bunds within the facility have also been implemented.

Reducing Resource Consumption



Fuel

Optus has substantially phased out its liquefied petroleum gas (LPG) vehicles due to high maintenance costs, low efficiency and the increasing cost of LPG. Optus' current fleet of 1,417 vehicles uses a variety of fuel types. Diesel is more efficient than petrol and is still the preferred engine fuel for heavy vehicles and those travelling long distances. Optus reduced its total number of vehicles by 220 in the 2005–06 reporting period.

Environment Report 2006 – Fuel Usage

	Diesel	LPG	Petrol	Diesel (other)	Total
Number of vehicles	58	4	1,355		1,417
Distance travelled (km)	1,389,601	100,551	32,171,349	N/A	33,661,501
Total litres	152,703	17,953	3,816,293	N/A	3,986,949
Km/litre	9.10	5.60	8.43		8.44

In addition, Optus generators used about 202,000 litres of diesel to provide power for remote areas and during electricity failures. This is an increase of 7,000 litres from 2004–05. Emergency generators must be tested monthly, thus the minimum use of diesel fuel will increase annually as Optus' operations expand and more generators operate at more sites.

Greenhouse Gas Emissions

Fuel and Electricity	Amount	Conversion factor	Tonnes CO ₂ eq
Diesel transport (litres)	152,703	2.5	412.3
Diesel generators (litres)	202,071	2.69	543.7
LPG (litres)	17,953	1.6	28.7
Petrol (litres)	3,816,293	2.5	9540.7
Electricity (kWh)	238,660,600	1.012	241,524.5
Total			252,050

Based on Australian Greenhouse Office "Factors and Methods Workbook" Dec 2005.

Reducing Resource Consumption

Optus recognises that air travel is a major source of CO₂ emissions and tracks and analyses domestic and international staff travel.

This total Green House Gas output is a significant increase on the previous year due to the adoption of 2005 workbook conversion factors. The other reason for an increase is the inclusion of estimated usage from unmetered facilities such as the suburban HFC cable network.

Air Travel

	Kilometres	Conversion factor kg/km	tonnes/CO ₂ eq
Domestic	15,752,920	0.18	2,836
International	10,974,636	0.11	1,207
Total			4,043

Greenhouse Gas Total Emissions

Fuel and Electricity	252,050
Air Travel	4,043
Total Greenhouse Gas	256,093

Energy Efficiency Initiatives

Optus is using new technology to improve the lighting in its corporate offices. This change is being considered for all sites and implemented in a staged approach with projects in our North Sydney head office and in the South Melbourne office completed so far. In North Sydney the lighting has improved the indoor environment for staff and we have reduced greenhouse gas emissions by an estimated 1,000 tonnes of CO₂ per annum. In South Melbourne we significantly reduced the power consumption of a standard light fitting from 98 watts to 32 watts and we are now discussing the details of this project with our landlords at other sites with the objective of rolling this out to all our offices. The use of the Envirolite technology is a world first in energy efficiency and has resulted in a sustainable reduction in CO₂ emissions.

Reducing Resource Consumption



Other energy efficiencies in our offices include the installation of movement sensors in our meeting rooms so lighting is only activated when required. We are completing a review of our practices in turning off devices when they are not in use. We will target changing these behaviours 2006-07, beginning with office lights and computer monitors.

Optus has re-engineered the air conditioning at the Campbellfield exchange to make better use of cold air from outside. Hot air is removed using exhaust fans, allowing a greater flow of cold outside air into the exchange. This provides free cooling, reducing our electricity costs and greenhouse gas emissions. The reduction in electricity consumption will be quantified this year and reported in next year's report.

Our new campus being constructed at Macquarie Park in Sydney will achieve a 4.5-Star base building rating under the Australian Building Greenhouse Rating scheme. We have also installed water flow reduction devices on all taps and showers, a significant stormwater management system and the facilities for re-using rainwater for toilet flushing and site irrigation. We are also focusing on encouraging Optus staff to use public transport to travel to the campus.

In Focus: Challenges of the New Campus

A principle challenge for Optus in the coming year will be relocating 6,500 staff from 10 locations around Sydney to the Macquarie Park campus. We have conducted significant planning for the move, and ongoing work is underway to address the myriad of logistical and environmental issues facing Optus and its employees. Some of these issues are detailed below.

Transport. Although the planned move to the new site was announced three years ago, it will still take considerable management efforts to restructure the transport patterns of such a large number of people.

Environmental Footprint. The new campus at Macquarie Park is designed to achieve a 4.5-Star energy rating, but proposals are in place to further improve this. We are also targeting to purchase New Green Energy and Carbon Offset Certificates to make half our total corporate tenancy building portfolio carbon neutral from October 2007.

Waste management. This policy is being examined and refined, with the recycling of recoverable materials a priority. There will be substantial retail facilities at the campus and arrangements for recycling glass, cans, aluminium and other materials are being built into the lease conditions for the food and service providers.

Health. Optus teams from across the business have been involved in developing the new campus's design and feel. The site showcases Optus' dedication to environmental conservation and meets the needs of all employees, with features such as green areas, hearing loops and covered pathways between buildings.

Water. Rain water harvesting and storage will provide most of the water for landscaping and flushing toilets.

Recycling and Reducing Waste



Lead Acid Battery Recycling

During 2005–2006 Optus conducted a major facilities upgrade that involved replacing the original batteries that were installed in our major exchanges in 1993–94. These batteries support our network when there is a mains power failure, so it is essential that they are fully operational at all times. This project resulted in 628.14 tonnes of industrial batteries being recycled, a significant increase on the 126 tonnes reported last year, and the 164 tonnes in 2003–04, when only routine replacements were carried out.

Mobile Phones and Batteries

Optus is a founding member of the industry-based mobile phone recycling program coordinated by the Australian Mobile Telecommunications Association. Since the program's launch in 2001, more than 368 tonnes of handsets, batteries and accessories have been collected for recycling. The program was relaunched in late 2005 under the banner MobileMuster. A number of new channels for collection are being developed, such as local councils. At a local muster at Optus in December, 43kg of recycled material was collected. For more information about the scheme and where to drop off your old phones, go to the AMTA website at www.amta.org.au

Toner Cartridges

Optus recycled 3,009 toner cartridges in 2005–06 and 3,797 were purchased. This 79 per cent recycle rate is a positive increase on the 53 per cent reported last year. Optus also dramatically reduced its purchase of cartridges, down from more than 8,000 in 2004–05.

Optus continues to work with Planet Ark to improve toner recycling rates throughout the business.

Office Paper

In 2005–06, Optus employees used 266.8 tonnes of paper for printers, faxes, copiers, corporate stationary and envelopes. This was a 20 per cent increase over the 2004–05 total of 221 tonnes.

All Optus facilities recycle office paper. Previous reporting was an estimate based on the average amount recycled per person at our main sites. The fragmented reporting depending on landowner response does not allow for accurate consolidation of data. Optus recycled in the order of 100 tonnes of office paper. This should be much improved at the Macquarie Park campus as waste management will be centrally controlled.

Fluorescent Tubes

As part of the re-lamping project at Optus Centre Sydney and in Albert Road, Melbourne over 7,000 tubes were recycled for recovery of mercury, glass and inert gasses.

The Electromagnetic Energy Debate and Community Health

Optus recognises that some people in the community are concerned about the possible health effects of mobile phone base stations. Optus actively monitors Australian and international medical and scientific research on this issue. In Optus' view, based on independent national and international expert opinion, electromagnetic energy (EME) from mobile phone base stations does not have adverse effects on human health.

To help address community concerns about EME, in October 2002 Optus implemented the ACIF Code for Deployment of Mobile Phone Infrastructure. The code was reviewed in 2004 to improve its clarity and enforceability. It requires carriers to take a precautionary approach to deploying mobile phone infrastructure and requires these organisations to consult with local government and the community regarding site proposals.

Optus has successfully implemented the revised code, resulting in more effective communication and consultation with communities. The code also outlines a complaint handling procedure, with escalation to the Telecommunications Industry Ombudsman or Australian Communication Authority to review.

To ensure adequate information about EME power output levels is available to the public, Optus has been actively involved in developing a coordinated industry database that will provide online access to information on all mobile phone base stations in Australia. Over the last year, records for 600 sites were added.

Optus continues to ensure that staff and contractors complete Optus Radiofrequency Awareness Training and are aware of advances in EME research. Awareness Training is an online, interactive program that takes about 45 minutes to complete. It contains four modules: Basic Science, Biological Effects, Australian Standards and Optus Safe Work Practices. There is a short test at the end of each module. All test scores are automatically recorded and forwarded to the staff member's manager. This assures managers that their staff are aware of the practical management measures that need to be followed around EME.

In addition to addressing community concern regarding EME, Optus has actively participated in research to identify other issues associated with mobile devices.

For example, Optus provided billing records that played a critical role in a study of driver distraction. This study confirmed that driving without using a hands free kit was one distraction among many including changing music, eating, smoking and many other distractions. Optus also provided data for the 13-country investigation into the possible correlation between brain cancer and mobile phone usage. Overseas studies published to date have reported no relationship between mobile phones and brain cancer. The Australian study is likely to be published in mid 2007.

Optus acknowledges that within the community there are a variety of views about the deployment of telecommunications infrastructure. We consistently strive to improve the quality of our deployment processes to minimise the possibility of negative community reactions while ensuring the best quality of service for our customers.

Commitments to the Community and Environmental Targets



Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
Community and Environment Report	Continue to broaden the reporting base, particularly in community areas	Achieved greater breadth of reporting, including CSR benchmarking	Continue to enhance reporting, focusing on new community engagement initiatives	Group Manager, Sponsorship
	Establish a strategic framework	Consolidated and developed three pillars of reporting – Workplace, Community, and Environment	Increase alignment with GRI reporting criteria	Manager, Environmental Affairs and Group Manager, Sponsorship
	Continue to focus on internal stakeholder engagement and develop greater external input by 2007	Achieved broader internal involvement as demonstrated by the range of reporting		Manager, Environmental Affairs and Manager, Corporate Affairs
	Report on age distribution and average age of staff	Completed and included results in new HR MIS reporting system	Upgrade OH&S reporting to new online HR MIS system.	Corporate OH&S
OH&S	Report OH&S indicators in all senior management meetings	Extended reporting on performance of OH&S targets and indicators to all business process review meetings, with targets broadened to include online OH&S compliance training completion rates	Continue reporting targets in BPR meetings Conduct OH&S reporting in trading meetings	Corporate OH&S

Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
OH&S	Sign off business unit OH&S management plans for 2006 by 07/05.	Completed	Sign off business unit OH&S management plans for 2007 by 07/06	Corporate OH&S
	Develop key safety messages in management meetings and distribute via the company's internal newsletter @ttitude.	Completed	Increase promotion of OH&S through monthly articles in @ttitude and key OHS messages	
	Achieve external certification for advanced level safety map version four in CFS	Completed part of this initiative in 2006, with the remainder to be finalised in 2007	Complete advanced level safety map version four in CFS	Corporate OH&S
	Further develop the internal safety map audit program across key business units	Developed audit program for prevention, worker's compensation and rehabilitation Completed safety map audits at two sites in NSW and Victoria Completed internal worker's compensation and rehabilitation audits	Complete tender and contract for external auditing company Roll out internal audit program once tender is finalised Achieve Comcare Licensee audit requirements	
Reduce LTIR by 10% and LTSR by 15%	Achieved 26% reduction in LTIR, however LTSR reductions were not achieved	Achieve LTIR and LTSR company target reductions Achieve Comcare Commission Indictor targets	Achieve LTIR and LTSR company target reductions Achieve Comcare Commission Indictor targets	Corporate OH&S



Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
OH&S	<p>Implement consultation program across all business units by 03/06</p> <p>Review and upgrade all remaining corporate OH&S policies</p>	<p>Commenced consultation programs in Consumer and Networks and these will continue to be rolled out across the business in 2007</p> <p>Completed policies upgrade for self-insurance licence</p>	<p>Complete consultation process rollout and upgrade according to legislative changes</p> <p>Upgrade all OH&S policies as per legislative changes.</p> <p>Review EME policy and process</p>	Corporate OH&S
	Implement OH&S compliance training across the organisation	Completed	<p>Conduct ongoing monitoring of compliance training</p> <p>Develop a range of online OH&S training programs on issues such as heat/UV and trenching</p>	Corporate OH&S
	<p>Commence self-insurance licence for worker's compensation in 07/05</p> <p>Implement training in accordance with Safety, Rehabilitation and Compensation (SRC) Act 1988 by 03/06</p>	<p>Commenced self-insurance licence on 30 June 2005</p> <p>Completed – Roll out of Injury Management Training commenced</p>	<p>Achieve self-insurance licence renewal</p> <p>Obtain Tier 2 status or above in worker's compensation, prevention and rehabilitation</p>	Corporate OH&S

Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
OH&S	Audit Comcare claims management, prevention and rehabilitation in 03/06	Completed in March 2006. Tier 2 achieved for worker's compensation and rehabilitation and Tier 1 achieved for prevention	Complete rollout of Injury Management Training Conduct annual audit of claims management, prevention and rehabilitation in 03/07	Corporate OH&S
	Continue to review and enhance the contractor management system	Ongoing	Upgrade external online contractor induction training Revise contractor policies and processes	Corporate OH&S
	Participate in the Work Outcomes Research and Cost (WORC) benefit project	Completed Developed a partnership with beyondblue	Continue rollout of beyondblue training and EAP training	Corporate OH&S
	Expand Health and Wellbeing Expo program	Included a wider range of providers in health expos	Re-tender health and wellbeing program and onsite gym at Macquarie Park	
	Develop mental health program	Upgraded intranet site to include broader information Provided mental health information and initiatives on the intranet and provided training for line managers	Extend health and wellbeing intranet offerings Commence flu vaccination program by 04/07 Continue Corporate Games programs	

Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
OH&S	Plan for a Macquarie Park campus gym and health program	Commenced planning as part of Project Sydney		
Environment Management System	Conduct ongoing audits as part of the Enterprise Risk Review (ERR) process	Completed 24 ERR audits involving a section on environmental issues at mostly major facilities	Continue to include environmental considerations in ERR audits	Manager, Environmental Affairs
	Ongoing monitoring of EMS	Applied EMS to audits and training	Complete an overview review of EMS by 03/07	Manager, Environmental Affairs
	Conduct audits of 10 contractor projects, including reviewing the EMP and site activities	Audited eight construction projects	Audit 10 contractor projects, reviewing the EMP and site activities	Environmental Planner
Visual/Landscape, Ecology and Heritage	Contractor training through online system to be implemented and operational by end 2005	Online system was available by 11/05, with limited initial take up	Construction staff to complete mandatory training	Manager, Environmental Affairs
	Incorporate tracking system for online training and monitor training take-up	Methods to monitor training identified	Enforcement of training program to be implemented	Manager, Environmental Affairs
Energy Use	Implement policy of energy efficient lighting with a focus on efficient design for Macquarie Park campus	Achieved 4.5-Star rating for Macquarie Park Completed re-lamping of Optus Centre Sydney, with lighting changed to new efficient tubes and fittings	Investigate each corporate facility with a view to implementing energy efficient lighting	Facilities Manager



Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
Energy Use	Recycle globes in CBD offices in Melbourne and Sydney for mercury recovery	Sent more than 7,000 florescent tubes for recycling from re-lamping efforts at Optus Centre Sydney and Albert Road Melbourne	Continue with tube replacement program and recycle old tubes	Facilities Manager
	Focus on air conditioning energy management policy at Macquarie Park campus	Ensured Macquarie Park campus will meet 4.5-Star energy rating	Investigate further energy saving initiatives	Facilities Manager
Recycling, Waste and Resource Reduction	Specifically define waste audit responsibilities in contracts due for renewal	Waste audits inconsistently undertaken	Review contract administration	Administration Manager
	Recycle 90 per cent of toner cartridges	Recycled 79 per cent of cartridges Implemented new management system that provides much better recovery than 2005 figures	Recycle 90 per cent of toner cartridges	Administration Manager
Change staff behaviour to achieve further reductions beyond machine efficiency				Administration Manager
	Continue to consider recycled content for paper tenders	Some communications undertaken, minor improvements but not overly successful	Improve communications process and methods to encourage individuals' energy efficiency	Administration Manager



Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
Recycling, Waste and Resource Reduction	Focus on planning and implementing improved energy efficiency measures at Macquarie Park for water and waste water usage	Significant planning initiatives underway	Continue with more detailed planning for waste management at Macquarie Park campus	Administration Manager
Chemicals and Fuels	Continue to phase out equipment using CFCs	New equipment without CFC content	Continue to phase out equipment using CFCs	Administration Manager
	Continue to monitor fuel tanks with a target of zero spills or leaks	Achieved. Ongoing monitoring, with zero spills in 2005-06	Zero diesel spills or leaks	Administration Manager
Electromagnetic Energy	Assist in developing and dispersing educational materials	Ensured information was freely available through MCF and the consultation process	Assist in developing and dispersing educational materials	Manager, Community Relations
	Continue to ensure compliance	No compliance breaches	Continue to ensure compliance	National Site Acquisition and Environment Manager
	Continue to monitor and ensure compliance with ACIF community consultation requirements	Limited number of complaints to regulator but no non-compliance identified	Continue to monitor and ensure compliance with ACIF community consultation requirements	Manager, Community Relations
	Add a further 500 sites to the National Site Archive	Added more than 600 sites	Add a further 500 sites to the NSA	Manager, Mobile Networks

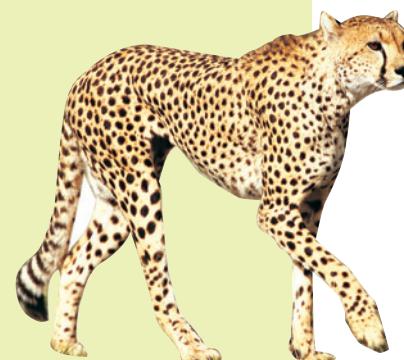
Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
Citizenship	Complete and endorse a new strategic review of citizenship. This will identify gaps and opportunities in Optus' approach	Completed review, developed framework and prioritised activities	Continue to refine framework and implement activities. First activity – Workplace Volunteering – to be launched by 09/06	Sponsorship Manager
	Commence internal communications and education regarding Optus Citizenship	Briefed key internal stakeholders on the strategy. Conducted ongoing communication about existing programs	Launch major staff education campaign in 09/06 at CEO Forum Launch new CSR intranet site in 09/06	Sponsorship Manager
	Set benchmarks for staff understanding and involvement in citizenship activity. Conduct surveys to understand current environment	Planned implementation for focus groups	Continue detailed planning	Sponsorship Manager
	Develop and implement an umbrella brand for Optus Citizenship activity	Developed framework	Further refine themes. Bring all activities together under one umbrella on the Optus intranet by 09/06	Sponsorship Manager
New Optus Headquarters	Maintain focus on water management, computer use and lighting	Detailed planning well advanced, further work required	Continue detailed planning	Major Projects Manager

Issue	2006 Target	Outcome 2006	Target 2007	Responsible Officer
New Optus Headquarters	Achieve 4.5-Star Australian Greenhouse Building Rating for building energy consumption	Construction on track to achieve 4.5-Star rating		Major Projects Manager
	Irrigate native plants on the campus using retained water from the roof	Implementation being examined		Major Projects Manager
	Review operating and waste management procedures	Implementation being examined		Major Projects Manager



Facing the Future

Optus' vision is to be 'the outstanding provider of challenger telecommunications solutions in Australia. Optus will achieve this vision through a sustainable future of quality services, continued business growth and meaningful stakeholder engagement.



Optus' corporate values support our move towards sustainability. One of the company's key performance objectives over the next three years will be demonstrating corporate social responsibility.

We will do this through:

- Continuing to support charities such as Kids Help Line and providing our staff with a range of community engagement opportunities
- Increasing interaction with key stakeholders, including staff, customers, shareholders and regulators
- Minimising our environmental footprint and maximising the efficiency of our resource consumption
- Expanding the scope and quality of services, especially to rural and remote areas
- Monitoring medical and scientific research regarding health concerns related to radiofrequency fields
- Improving community and environment reporting to provide a complete picture of Optus' activities for stakeholders
- Actively implementing energy efficiency plans particularly in lighting. We are installing the world's first installation of a new combination of lights and fittings at Optus Centre Sydney and implementing it for the rest of the corporate property portfolio.

Facing the Future



Macquarie Park Campus

- Consolidation of 6,500 staff from nine buildings around Sydney into the campus at Macquarie Park.
- A key issue will be transport arrangements to the new site. It will take some considerable management to restructure the transport patterns of so many staff.
- The new campus at Macquarie Park is planned for 4.5 star energy rating but with some of the proposals we intend to improve on this. Where we can't further reduce our energy footprint we have committed to purchasing Carbon Off-set Certificates, to make half of our total corporate building portfolio "carbon neutral".
- Waste management and recycling of recoverable materials is a priority. Arrangements for recycling glass, cans, aluminium, and other materials are being built into the lease conditions for the retail services of the campus.

Optus is dedicated to being a company that Australia's future generations will respect and appreciate.

Feedback and Contact Details

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