



AUSTRALIA POST
CORPORATE RESPONSIBILITY REPORT
2009-10



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OUR CORPORATE RESPONSIBILITY STRATEGIC GOALS

- 1 Minimise our environmental footprint.
- 2 Invest in the communities where we operate and where our people live and work.
- 3 Offer responsible and valued products and services.
- 4 Integrate sustainable sourcing across our supply chain.
- 5 Engage our workforce to apply sustainability practices.
- 6 Understand and be responsive to our stakeholder needs and expectations.
- 7 Ensure effective governance and reporting.

PERFORMANCE HIGHLIGHTS

- Set a target to reduce our greenhouse gas emissions by 25% of our year 2000 emissions levels by 2020.
- Achieved our target of engaging more than 1,000 staff in our Workplace Community Giving program.
- Launched a trial of our "eco" stationery range in selected Australia Post outlets in Victoria.
- 70% of our contracted suppliers are now covered by our supplier code of conduct.
- Won the Diversity@Work National Diversity and Inclusion Champion Award.
- Developed new community participation procedures.
- Became a signatory to the United Nations Global Compact.

A MESSAGE FROM OUR LEADERS



David A Mortimer AO (left) | Ahmed Fahour (right)

Welcome to our second corporate responsibility report.

The purpose of this report is to explain how we integrate corporate responsibility into our business strategy and operations and how we communicate our performance to stakeholders. At Australia Post, we are growing and changing to meet the needs and expectations of our stakeholders today and ensuring that we are ready to meet the needs of the Australian community tomorrow. This is particularly important as we embark on our “Future Ready” program, which is transforming our business and laying the foundations for future sustainability and profitability.

We are working from a solid base with a brand that has earned trust over some 200 years because of the accessibility and reliability of the services we offer. However, changing market conditions and declining letter volumes mean that we must continue to adjust the way we do business. Our Future Ready program is designed to transform our business model so that we continue to offer products and services of relevance to how Australians live and work in the twenty-first century and so that we generate new revenue streams that will ensure the long-term sustainability of Australia Post.

We will continue to ensure that we balance our commercial objectives with our community service obligations and broad community expectations. As evidence of our commitment, we have endorsed a Corporate Responsibility Policy, which promises to:

- ensure that our long-term sustainability is founded on *responsible business practices*
- give meaningful consideration to *community and environmental impacts and stakeholder expectations* when we make decisions
- be *open with, and accountable to*, our people, our customers, the Australian community and our shareholder in the decisions we make and the resulting impacts.

This year, our Stakeholder Council has formally reviewed this report for the first time (see page 6). This has provided us with valuable feedback on our approach and has also allowed us to demonstrate our desire for greater accountability and transparency.

Another key initiative is our recent decision to become a signatory to the United Nations Global Compact, the world’s largest voluntary corporate citizenship initiative. We are supporting this global initiative at a local level by becoming a foundation member of the UN Global Compact Network Australia.

We have also taken a leadership stance on climate change by pledging to reduce our greenhouse gas emissions by 25 per cent by 2020 (against year 2000 baseline). As part of this program, we have committed \$11.2 million to the implementation of our National Energy Management Plan, which will deliver a reduction in emissions of approximately 30,000 tonnes of CO₂-e (see page 26).

During the year, we continued to support the Australian community by contributing \$4.37 million across a broad range of community-based programs. To maximise the value of our investment, we aligned our community investment to areas of strategic business importance, including educating young Australians, supporting environmental programs and sustaining rural and regional communities. Our staff have embraced our goal of investing in our community, with more than 1,000 participating in our newly launched Workplace Community Giving program and donating \$222,185 from their wages to a range of charities (see page 17).

While we understand that our transformation program is challenging, we have placed an important focus on engaging our people as we’ve begun implementing the Future Ready changes.

We were disappointed with the deterioration in our key measure of health and safety performance – the lost time injury frequency rate (LTIFR), which increased from 7.1 to 8.8 during the reporting period (see page 15). We are renewing our focus on occupational health and safety and are collaborating closely with the Communications Electrical Plumbing Union and the Community and Public Sector Union, which represent our staff, to achieve a better outcome. In March, we signed a memorandum of understanding with these two trade unions, which led to agreement on a new Fair Work Agreement in July (after the conclusion of the reporting period).

During the year, we have been diligent in our efforts to integrate sustainability further into our business. This is evident in the fact that 70 per cent of our contracted suppliers are now subject to our new supplier code of conduct, which includes sustainability clauses. Additionally, we have completed life cycle assessments in a number of our key product areas, which will help us to reduce our carbon footprint and identify new product opportunities that will support our Future Ready transition and cultivate new revenue streams (see page 22).

We are confident that our corporate responsibility strategy and our newly endorsed Corporate Responsibility Policy provide a strong foundation on which we can transform our business and build a sustainable and profitable future.

David A Mortimer AO
Chairman

Ahmed Fahour
Managing Director and
Chief Executive Officer

AUSTRALIA POST SNAPSHOT

\$4.87 billion
TOTAL REVENUE

\$3.91 billion
TOTAL ASSETS

5.1 billion
MAIL VOLUME 2009–10

34,457
TOTAL EMPLOYEES

Our business

Ownership	The Australian Postal Corporation is a government business enterprise that is wholly owned by the Commonwealth of Australia
Shareholder ministers	Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy; The Hon. Lindsay Tanner, Minister for Finance and Deregulation
Headquarters	Melbourne, Australia
Chairman	David A Mortimer AO
Managing director and CEO	Ahmed Fahour

Our financial performance

Total revenue	\$4,870.6 billion
Total expenditure	\$4,767.6 billion
Profit after income tax	\$89.5 million
Total assets	\$3,915.2 billion

Our people

Employees – full-time	24,205
Employees – part-time	10,252

Our network

Corporate outlets	810
Licensed/franchised retail outlets	2,963
Mail contractors	5,068
Community postal agents	642
Delivery points in Australia	more than 10.7 million

Our activities

Average daily mail volumes	19.8 million
Customers served at Australia Post retail outlets every day	more than 900,000
Customer interactions managed by our contact centres in 2009–10	more than 20 million

Our brands

The majority of our products and services use the Australia Post brand.



Sub-brands have their own logo, with a strong visual connection to the master brand.



In the express delivery market, we have our hero product brand, Express Post, and four product variants – all having a widely recognised association with our master brand.



Australia Post has acquired several businesses that operate in niche markets. Each has its own distinct logo incorporating a reference to Australia Post ownership.



We have investments in several joint-venture businesses whose brands are managed independently of the master brand.



PERFORMANCE SUMMARY

The performance indicators below explain some of the key focus areas of our corporate responsibility strategy. Over time they will be the yardstick by which we measure our success.

ACHIEVEMENTS

Our People

Achieved our retention target, with 84.3% of recruits, and 96.2% of key talent, retained.

Won the Diversity@Work National Diversity and Inclusion Champion Award.

Signed a Memorandum of Understanding (MOU) with our unions to establish a framework for better engagement and joint recognition of the challenges facing the corporation.

CHALLENGES

Maintaining staff focus and morale through a period of transition.

Improving our safety performance by focusing on reducing the number of injuries associated with manual handling tasks and the use of motorcycles for mail delivery.

OUTLOOK

Achieve diversity targets: 42% women, 2% Indigenous Australians and 10% people with disabilities.

Maintain retention targets of 80% for new recruits and key talent.

Our Community

Achieved our target of engaging more than 1,000 staff, or 3% of total Australia Post staff, in the Workplace Community Giving program.

Donated \$387,777 to eight staff-selected charities, including our commitment to match staff donations through the Workplace Community Giving program.

Building more support for the Workplace Community Giving program across a large and geographically diverse organisation.

Maintaining our long-term commitment to community investment despite challenging business conditions.

Identifying dynamic business community partnerships that are aligned with our strategic direction.

Continue to engage staff in the Workplace Community Giving program to achieve a 5% participation rate by 30 June 2011.

Establish a target for our total community investment spend by 30 June 2011.

Launch a new national team-based workplace giving program by 31 December 2010.

Our Economic Contribution

Contributed \$4.5 billion to the economy in labour and operating costs.

Contributed a total of \$4.37 million to the community (including cash, time, in-kind contributions and management costs).

Provided indirect economic support for 8,673 small businesses.

Managing the transition to our new business model to achieve future profitability.

Maintaining revenues when letter volumes are declining.

Achieve a target of 12.5% return on equity.

Reduce exposure to potential increases in energy prices.

Our Products and Services

Exceeded all of our community service obligations.

70% of contracted suppliers covered by supplier code of conduct.

Increased recycled input materials in Australia Post-branded products to 92% (90% last year).

Incorporating appropriate measures of corporate responsibility into products and services.

Managing the transition to the national customer contact centre.

Engaging people and enhancing processes across the breadth of our corporation.

Adopt corporate responsibility practices for an increasing number of products and services.

Apply supplier code of conduct to all suppliers by 30 June 2011.

Exceed our regulated performance standards and maintain levels of customer satisfaction.

Our Environmental Performance

Set a target to reduce our greenhouse gas emissions by 25% of our year 2000 emission levels by 2020.

Developed a comprehensive carbon analysis and reduction strategy to achieve our greenhouse reduction target.

Committed \$11.2 million for the implementation of a national energy management plan.

Implementing our carbon reduction strategy to achieve our 25% reduction target by 2020.

Managing our environmental impacts while our business undergoes a significant transformation.

Ensuring that carbon and energy impacts are among the factors considered in all major business decisions.

Improve energy efficiency and reduce emissions by approximately 10% over the next three years.

Develop a behaviour change program to encourage staff to adopt work practices that minimise our greenhouse gas emissions.

Explore new technology alternatives to fossil fuels as a means of delivering the mail.

ABOUT AUSTRALIA POST

With a 200 year–strong track record in business, Australia Post knows what it means to be sustainable. It means growing and changing to meet the needs and expectations of our customers today and being ready to meet the needs of the Australian community tomorrow. That is why we are embarking on a business renewal program, Future Ready, which will focus on creating a profitable business for years to come.

Australia Post is wholly owned by the Australian Government. We are self-funding and the profits we earn are either paid as dividends to our sole shareholder, the Commonwealth Government, or reinvested in the business.

As a government business enterprise, Australia Post is subject to requirements set down in the *Commonwealth Authorities and Companies Act 1997* and the *Australian Postal Corporation Act 1989*. Among the key requirements outlined in the *Australian Postal Corporation Act 1989* are our community service obligations (CSOs). Our CSOs require that Australia Post provides a letters service for both domestic and international letter traffic that meets “the social, industrial and commercial needs of the Australian community” and that the letters service be “reasonably accessible to all” Australians “at a single uniform rate” within Australia (60 cents from 28 June 2010).

Our markets

Australia Post primarily services the Australian market with a comprehensive network of retail outlets, post boxes and delivery services to more than 10.7 million Australian addresses.

Our mail service, which moves more than 5.1 billion items each year, is made up of 94.6 per cent domestic mail and 5.4 per cent international mail.

Our main customer groups are private, business and government customers. More than half of all domestic mail volume is generated by business and government customers through the use of bulk mail services (51.7 per cent of letters).

To facilitate postal services to and from the overseas market, Australia Post works closely with other international postal administrations through the Universal Postal Union and the Kahala Posts Group (an alliance of 10 leading postal services internationally).

Several of our subsidiary and joint-venture businesses (PrintSoft, Post Logistics Hong Kong and Sai Cheng Logistics International) are based offshore. These offshore businesses generate 0.4 per cent of our consolidated revenue.

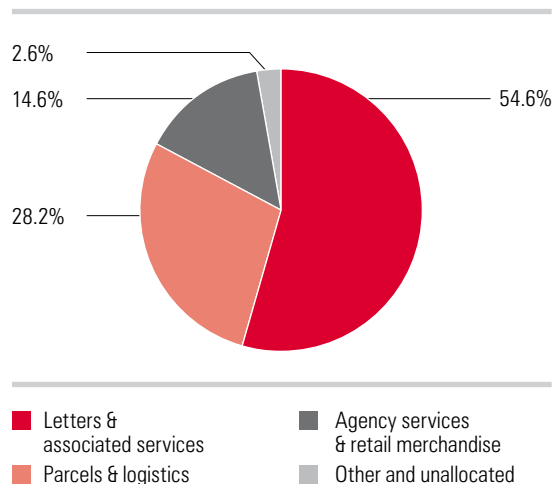
Our operations

Essentially, Australia Post has three core businesses: delivering letters, handling parcels and operating retail outlets.

Delivering letters and associated services generated just over half of our revenue in 2009–10. Parcels & logistics accounted for 28.2 per cent of revenue, while agency services & retail merchandise accounted for 14.6 per cent.

Australia Post’s core businesses were also supported by our subsidiaries and joint ventures, which remained largely unchanged since 2008–09. A full list of subsidiaries and joint ventures is provided on page 65 of the Australia Post annual report – go to auspost.com.au/annualreport.

Revenue broken down by core business



Future Ready

Within the reporting period, Australia Post appointed a new managing director and chief executive officer, Mr Ahmed Fahour, and announced a five-year business transformation program called Future Ready. This will bring significant organisational and operational changes to our business.

To support this transformation, Australia Post is being restructured into four strategic business units from 1 July 2010. These business units are:

- Postal Services
- Retail Services
- Distribution & Express Services
- e-Services.

These four units will be supported by four business support functions: Finance, People & Community, Strategy & Marketing, and Corporate Services.

The new structure is designed to stimulate and take advantage of growth opportunities, especially in parcels and trust-based services. The Future Ready program also aims to develop a high-performance customer-focused culture at Australia Post.

ABOUT THIS REPORT

“Australia Post is committed to transparency and opening up to greater scrutiny. Our performance should be accurately measured and transparently reported to our stakeholders.”

Ahmed Fahour, Managing Director and Chief Executive Officer

This is our second annual corporate responsibility (CR) report. After publication of our first CR report, we received feedback from individual stakeholders via our dedicated CRreport@auspost.com.au email address; via presentations to, and discussions with, Australia Post staff; and through our Stakeholder Council. Key areas earmarked for improvement were the inclusion of more targets and increased assurance of information and data contained in the report.

Our CR report has once again been prepared in accordance with the Global Reporting Initiative (GRI) framework, the cornerstone of which are the Sustainability Reporting Guidelines (G3 Guidelines). This report has been checked by a third party and is self-declared as a “B application level” report. For information on GRI, go to www.globalreporting.org.

In addition to reporting on a range of indicators from the G3 Guidelines, we have also reported on key indicators from the GRI’s Transport and Logistics Sector Supplement (Pilot 2006). For a full list of the GRI indicators, as well as where and the extent to which they have been covered, see the index of GRI content on page 32 of this report.

Rationale for reporting

The purpose of this report is to communicate to our key stakeholders our approach to corporate responsibility, as well as our performance in relation to social, environmental and economic issues. The corporate responsibility report also enhances transparency and allows for the internal and external assessment of our effectiveness in delivering on our strategic corporate responsibility goals.

Target audience

The target audience for this report is determined through our stakeholder identification and engagement process (see page 9). While this report contains information that would be of interest to a broad range of stakeholders, the key stakeholders with whom this report is intended to communicate are:

- our people
- our customers
- the Australian community
- our shareholder (the Commonwealth Government).

Reporting period

The data presented in this CR report covers the 2009–10 financial year. The one exception is the reporting of environmental data, which relates to the 2009 calendar year. Calendar-year data is used for the environmental section because complete data for the 2009–10 financial year could not be obtained in time to meet the publishing deadline for this report.

Report scope and boundary

This report covers the activities of the Australian Postal Corporation and Post Logistics Australasia Pty Ltd.

Our licensees, franchisees, community postal agents and mail contractors fall outside the parameters of this report. However, there are some references throughout to their contribution to the postal network in relation to indirect employment (see pages 10 and 19), our community service obligations performance data (see page 20) and Scope 3 greenhouse gas emissions (see pages 27–31).

Relationship to our 2009–10 annual report

Australia Post’s annual report provides detailed corporate information, financial performance and statutory reporting for 2009–10. This CR report expands on summary information about environmental performance, community investment, economic contribution and people management strategies provided in the annual report. To view the annual report, go to auspost.com.au/annualreport.

Assurance

Australia Post has put in place a range of assurance and quality assurance processes for our CR report. These include:

- internal audit of the accuracy of content and data by Australia Post’s Corporate Audit Group
- independent quality assurance by Halcrow Pacific Pty Ltd (Halcrow)
- independent assessment by Halcrow of GRI reporting application level (see statement on IBC).



Environmental assurance

To ensure that our environmental data is complete and correct, we have engaged a third party auditor to audit all of the environmental data. The following statement was provided by the auditor: “Genesis Now has reviewed the Australia Post 2009–10 CR report and concluded that all significant categories of greenhouse emissions have been included, data collection and collation are thorough, calculations and indices are accurate, and monitoring and reporting processes are regularly reviewed and fine-tuned.”

Stakeholder Council review

This year, Australia Post’s Stakeholder Council – an external advisory body that provides advice and feedback to the business on issues relating to our postal services, customer communication and corporate responsibility performance – reviewed this report and provided its commentary (see page 6).



Australia Post's Stakeholder Council: Brian Baulk, Robert Tolmie, Gabrielle Nagle, Margaret Smith, William Mansfield, George Etrelezis, Sommers Botha, John Bergin, Allan Garcia, Graz Van Egmond, (absent) Robert Tregoweth.

Stakeholder Council

Australia Post's Stakeholder Council is an external advisory body that provides advice and feedback to the business on issues relating to our postal services, customer communication and corporate responsibility performance. By regularly engaging with the council, we consider a range of different perspectives in order to improve our business initiatives and their acceptability among key stakeholder segments. The council met three times during the reporting period.

The Stakeholder Council is chaired by a board member, and meetings are attended by the chief operating officer. Membership includes up to 12 people who have a valuable and important perspective to offer on our business – people with backgrounds in small business, medium-sized to large corporations, rural and regional Australia, industrial relations, direct marketing and corporate responsibility.

STAKEHOLDER COUNCIL MEMO

We the members of Australia Post's Stakeholder Council welcome the opportunity to review this corporate responsibility (CR) report and provide our feedback to the management of Australia Post as well as the stakeholders reading this report.

In summary, we think Australia Post's second stand-alone CR report demonstrates the organisation's commitment to transparency and continuous improvement. Importantly, it recognises the challenges that need to be addressed in order for further progress to be made and we believe this is a significant step forward in the corporation's CR journey. We are proud of the progress Australia Post is making on CR and its efforts to be more accountable.

This report is factual, balanced in tone and easy to read and outlines Australia Post's CR achievements. From our perspective, the particularly valuable elements of the CR report are the Australia Post CR vision and strategy and the performance summary. We commend the continued emphasis on the integration of CR throughout Australia Post's business.

We acknowledge the reporting improvements that Australia Post has made in the past year, specifically the disclosure of more targets such as the greenhouse gas emissions reduction target. We encourage Australia Post to continue to develop and report on targets for all relevant areas of CR performance. As Australia Post's CR strategy and reporting mature, we expect to see more emphasis on reporting progress and performance over a longer period of time.

The Stakeholder Council notes references to Australia Post's Future Ready business renewal program. However, we would urge that future CR reports promote greater understanding of how the business is responding to the challenges it faces, such as the impact of digital communications, to ensure long-term sustainability. We also look forward to seeing alignment between Future Ready and the CR strategy as well as alignment between the CR strategy and CR targets as they continue to be developed.

The Stakeholder Council trusts that Australia Post will maximise the value of the CR report and promote it appropriately to a broad range of stakeholders. Australia Post has the opportunity to be not only an industry leader but also an example to government.

Australia Post Stakeholder Council
July 2010

OUR APPROACH TO CORPORATE RESPONSIBILITY

At no other time in the history of Australia Post have we had a stronger commitment to being a sustainable, customer-focused business.

Corporate responsibility strategy and management

The year since the launch of our corporate responsibility strategy and the release of our first corporate responsibility report has been a productive one. We have focused on refining our CR strategy, developing our management framework and applying this framework to business planning and decision-making processes. Defining how we measure our progress and how we report on our performance has been another priority, fulfilling a commitment we made in last year's report. For a summary, see page 3.

The strategic intent of our corporate responsibility strategy is to be recognised as a corporation and workforce that creates success through sustainable business practices.

Our vision is "contributing every day for a sustainable tomorrow".

Our corporate responsibility strategy is underpinned by the following seven strategic goals.

1 Minimise our environmental footprint.	See page 26
2 Invest in the communities where we operate and our people live and work.	See page 16
3 Offer responsible and valued products and services.	See page 20
4 Integrate sustainable sourcing across our supply chain.	See page 22
5 Engage our workforce to apply sustainability practices.	See page 10
6 Understand and be responsive to our stakeholder needs and expectations.	See page 8
7 Ensure effective governance and reporting.	See page 7

Throughout the year, we made progress in integrating corporate responsibility throughout our business. Specifically, we:

- initiated quarterly CR reporting to the Australia Post board
- formalised our processes to identify and assess CR risks and opportunities and built them into our enterprise-wide risk management framework
- included our corporate responsibility strategy in divisional business plans

- incorporated corporate responsibility criteria in the investment prioritisation model and supporting processes
- developed a corporate responsibility policy (go to [auspost.com.au](http://auspost.com.au/about-us)>about us).

These initiatives will ensure that we manage the risks and maximise the opportunities associated with our CR program and that these risks and opportunities are considered appropriately through the mainstream business planning and management processes. In the future, we will be working with the Business Transformation Group to include corporate responsibility in the new business structure, building on our strong foundations to create a sustainable and customer-focused business.

Our CR program and our implementation of this program across the business were publicly recognised when the Australian Centre for Corporate Social Responsibility (ACCSR) rated Australia Post the "most improved organisation" in terms of corporate responsibility capability over a one-year timeframe (go to www.accsr.com.au).

Our management approach

Specific highlights and changes to our approach to corporate responsibility management in the reporting period are included in the relevant sections of this report. An overall summary of our disclosure on management approach, which is in line with the Global Reporting Initiative (GRI), is available on our website (go to auspost.com.au/cr).

Our governance structure

Australia Post's board of directors oversees the corporation, is responsible for setting the key policies, objectives and strategies and is accountable for our overall performance. The board, chaired by David A Mortimer AO, comprises up to eight non-executive directors and one executive member (the managing director/chief executive officer). Non-executive directors are appointed by the Governor-General following nomination by the Minister for Broadband, Communications and the Digital Economy, who is responsible for determining the qualifications and expertise required for board members.

In the reporting period, our managing director of 16 years, Mr Graeme T John AO, resigned. The board managed a global search for his replacement, and Mr Ahmed Fahour took on the role of managing director and chief executive officer on 1 February 2010. The managing director is appointed by the board and is responsible for the day-to-day management of the corporation. The managing director is supported by the Executive Committee (EC), which formulates strategies and policies for consideration by the board and advises the managing director on operational matters. Each of the 10 senior executives who are members of the EC is accountable for managing a key division or support function of Australia Post.

Two board committees – the Audit and Risk Committee and the Human Resources Committee – assist the board in undertaking its responsibilities. For more information on the role and charter of board committees, go to [auspost.com.au](http://auspost.com.au/about-us/corporate-governance)>about-us>corporate-governance.

The board assesses the risks and opportunities associated with social, environmental or economic issues through the annual reports of the Audit and Risk Committee (which includes within its charter the review of risk associated with corporate responsibility) and the Human Resources Committee. One of the key CR risks for the organisation is its ability to find alternative strategies to meet future fuel, energy and carbon cost increases. This risk is being mitigated by the setting of a carbon reduction target and implementation of a carbon management strategy, as well as incorporating fuel and energy impacts into our business planning processes. The board also assesses corporate responsibility performance through quarterly CR updates and the annual review and sign-off of this CR report.

The governance of our CR program is managed through the seven workstreams (see page 7), with regular reporting to our Executive Committee. Quarterly CR reports are provided to our board of directors.

Australia Post engages formally with its only shareholder, the Commonwealth Government, through a rolling three-year corporate plan, with progress against this plan reported quarterly. The shareholder ministers and their departments are informed on an ongoing basis of any significant developments in our business.

Remuneration of Australia Post’s non-executive directors is determined by the Commonwealth Remuneration Tribunal and is disclosed in our annual report. The board is responsible for setting the remuneration of the managing director within parameters set out by the Commonwealth Remuneration Tribunal, while remuneration of other senior executives is reviewed and determined by the managing director within the parameters set out by the board’s Human Resources Committee. Corporate responsibility-related performance indicators are included in the at-risk component of remuneration for the managing director, executive committee and executives.

To ensure good governance and avoid any conflicts of interest, board members who may have a material personal interest in a matter to be considered by the board or a board committee are required to make the nature of that interest known and must not be present while the matter is being considered. Details of such disclosures are recorded in the minutes of the meeting.

In order to evaluate the overall performance of the board, an externally facilitated board performance appraisal is undertaken every two years. The appraisal focuses on board, board committee and individual director effectiveness. The next such review, which was scheduled for June 2010, has been delayed due to the transition to a new managing director and the launch and implementation of our Future Ready program.

Materiality and stakeholder engagement

Our business touches every Australian household and community; hence, the range of stakeholders we engage with is broad. It includes customers, suppliers, government ministers and their departments and agencies, regulatory bodies, industry bodies, community and environmental organisations, the media, our workforce and key opinion leaders.

Every stakeholder segment has different needs and different expectations of our business. Some examples of how we engage and communicate with our stakeholders are listed on page 9.

Material issues

Within the reporting period (in December 2009), members of the Corporate Responsibility Working Group participated in a workshop that confirmed that the GRI indicators chosen for our first corporate responsibility report remained material to our business, meaning

Frequency of contact and engagement within the reporting period



that no changes were made to our list of indicators for the 2009–10 reporting period. (Our GRI index is published on page 32.)

In addition, a number of corporate planning and research reports have assisted the CR team in determining other measures and targets, as well as material content to be covered in this report.

The impact of Future Ready on stakeholder engagement

During implementation of our Future Ready program, we will be increasing our engagement with stakeholders as we communicate the impact of this program and our progress.

Stakeholder map

Identification of key stakeholders is co-ordinated by our Corporate Public Affairs Group in close consultation with the business and senior executives who have responsibility and accountability for managing key stakeholder relationships.

In the reporting period, the most frequent contact and engagement with Australia Post’s stakeholder segments were with government, our customers, regulators and our workforce (see diagram above).

Stakeholder research

All stakeholder segments were included in our second External Stakeholder Research Project (conducted March–June 2010). The purpose of the biennial research is to better understand the gap between our stakeholders’ expectations and our performance on a range of reputation dimensions, including performance, governance, products and services, innovation, citizenship, leadership and workplace and emotional appeal.

The 2010 research was conducted independently by Allen Consulting Group and involved qualitative research (in-depth interviews were conducted with 15 stakeholders) and an online survey completed by 294 stakeholders. As the research was completed at the end of the reporting period, key insights from the research are not available for inclusion in this report. The stakeholder research will be analysed and incorporated into our next materiality assessment, to be conducted in the 2010–11 reporting period.

Stakeholder engagement activities

The table on page 9 details some of the different ways in which Australia Post engaged and communicated with its key stakeholder segments within the reporting period.

Industry engagement

Australia Post participates in a range of international and national industry associations and forums that align with our business goals and strategies. Our memberships relate to the international postal network, industry leadership, sustainability, community investment, transport, direct marketing, packaging and the paper industry. For a listing of industry memberships, go to auspost.com.au/cr.

STAKEHOLDER SEGMENT

Who they are

Government

Our shareholder and portfolio ministers.
Federal, state and territory members of parliament.
Commonwealth departments and agencies, local government and special organisations that oversee portfolios relevant to Australia Post and its business.

Customers

Major corporate and government customers.
Small to medium-sized business customers.
General public who contribute to our success by purchasing our products and services.

Regulators

Federal and state bodies responsible for the control and supervision of the postal industry and organisational compliance matters.

Our workforce

Employees (full-time, part-time and casual), contractors and licensees.
Unions that represent our employees.

Suppliers

Manufacturers, packagers, distributors, wholesalers and other providers who generate the goods and/or services critical to Australia Post's daily operations and ongoing ability to service both residential and business markets.

Industry

Organisations that act as industry peak bodies for the sectors and markets in which Australia Post operates, as well as sectors and markets affecting Australia Post's suppliers and competitors.

Community groups

A diverse group of non-government organisations involved in an array of social issues, including education, health and welfare, sport, the arts, rural and regional development and small business.

Environmental groups

A diverse group of government and non-government organisations involved in a range of environmental issues relevant to our business.

Media

Individuals who represent print, broadcast and online media organisations that engage with business and/or consumer markets and publish and broadcast at the international, national, metropolitan, regional or rural level.

Significant engagement activities within reporting period

Consultation on our rolling three-year business plan (mandatory).
Provision of quarterly shareholder briefings (mandatory).
Participation of senior executives in Senate Estimates hearings (mandatory – October 2009, February 2010, May 2010).
Provision of reports under the National Greenhouse and Energy Reporting System (NGERS) and Energy Efficiencies Opportunities (EEO) Act (mandatory).
Appearance before Senate Committee on Facility Nominated Doctors (February 2010).

Customer briefing sessions hosted by our new managing director/CEO.
In-store distribution of *Australia Today* magazine.
Launch of our new website.

Notification to ACCC to increase basic postage rate (April 2010).
Response to ombudsman reports – complaint handling procedures for passports lost in the mail, a review of the first year of "Safe Drop" and the level of compensation offered for items damaged or lost in the mail.

Internal distribution and supporting briefing materials regarding our first stand-alone corporate responsibility report.
Internal environmental awareness campaign.
Regular management and staff updates on environmental issues, including energy efficiency.
Staff committee engagement in selecting Workplace Community Giving program partners.
Management and unions signed an MOU.

Communication to advise of new supplier code of conduct.
Communication to advise appointment of new managing director/CEO.

Participation in second IPC Environmental Measurement and Monitoring System (EMMS).
Participation in first IPC Sustainability Report (released December 2009).
Sponsorship of the World Mail Awards, People Management category.
Stakeholder briefings in relation to Australia Post's ACCC notification to increase the basic postage rate.
Communication to advise appointment of new managing director/CEO.

Launch of Workplace Community Giving program.
Ongoing communication with community groups in relation to changes to our local network, facilities, products or services.
Continued support of community-based initiatives, including Kids Teaching Kids.

Sponsorship of Banksia Foundation People's Choice Award.
Continued support of initiatives such as Green PC, MobileMuster and Cartridges 4 Planet Ark.

Comprehensive national and state media relations strategy.
National sponsor of the Media, Entertainment and Arts Alliance's Regional Media Awards.

OUR PEOPLE

At Australia Post, we pride ourselves on the diversity of our workforce and the combined effort of our people to consistently meet performance standards and record high levels of customer satisfaction. During the past year, we embarked on a significant organisational restructure. This will strengthen our workplace culture and performance and will challenge our ability to engage staff throughout a period of significant change.

ACHIEVEMENTS

Achieved our retention target, with 84.3% of recruits, and 96.2% of key talent, retained.

Won the Diversity@Work National Diversity and Inclusion Champion Award.

Signed a Memorandum of Understanding (MOU) with our unions to establish a framework for better engagement and joint recognition of challenges facing the corporation.

CHALLENGES

Maintaining staff focus and morale through a period of transition.

Improving our safety performance by focusing on reducing the number of injuries associated with manual handling tasks and the use of motorcycles for mail delivery.

OUTLOOK

Achieve diversity targets: 42% women, 2% Indigenous Australians and 10% people with disabilities.

Maintain retention targets of 80% for new recruits and key talent.

Australia Post is committed to maintaining an inclusive and diverse workplace and delivering greater workforce flexibility. We capture and assess a broad range of workforce and diversity information to monitor our performance across key indicators and identify any movement that may hamper our ability to build a profitable and sustainable business and to meet the future needs of the Australian community.

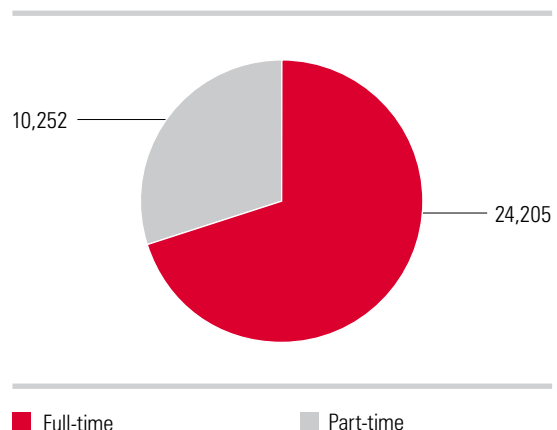
Workforce profile

With declining letter volumes and in the face of significant structural change to adjust to this new operating environment, our employment levels were slightly below those in 2008–09 (down 3 per cent). We acknowledge that the Future Ready transformation will create some challenges for our people. We are engaging them in the process of building a more profitable and sustainable business. One of the benefits of this change will be a new, simplified organisational structure that reduces the number of management levels within our business.

At the end of the financial year, we had a total of 34,457 employees, 24,205 of whom were employed full-time while 10,252 were employed part-time. The large majority of our staff are permanently employed by Australia Post, with less than 3 per cent engaged on a fixed-term or casual basis (2.2 per cent and 0.6 per cent respectively). The location of our staff reflects the population size and geographical spread of the Australian states and territories and remains consistent with that of previous years.

Australia Post has continued to increase its national delivery points while continuing to reduce total delivery staff. This has resulted in improved productivity throughout the network. However, the small reduction in delivery staff made no difference to the breakdown of employees according to occupation group, with the largest proportion still being employed delivering mail (42.7 per cent)

Employment by type



followed by mail & network (26.2 per cent), retail (15.8 per cent) and business support (15.3 per cent).

Indirect employment

Australia Post's retail workforce comprises 29 franchisees, 2,934 licensees (many of whom employ other people in their postal outlets) and a further 642 community postal agents. We also engage 5,068 mail delivery contractors. The contribution made by our contractors, licensees, franchisees and agents is not included in the employment data presented in this report.



IT'S ABOUT BEING SAFE AND BEING SEEN

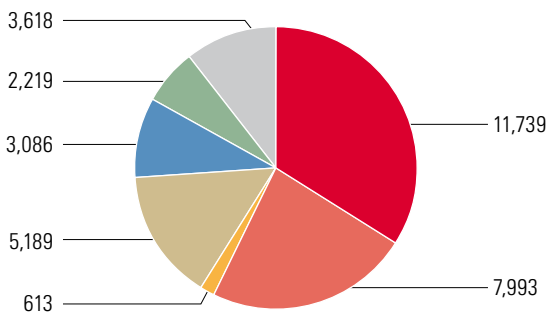
INCREASING MOTORCYCLE POSTIE VISIBILITY

We have increased the visibility of motorcycle posties by introducing new high-visibility clothing for posties and using high-visibility panniers on the motorcycle.

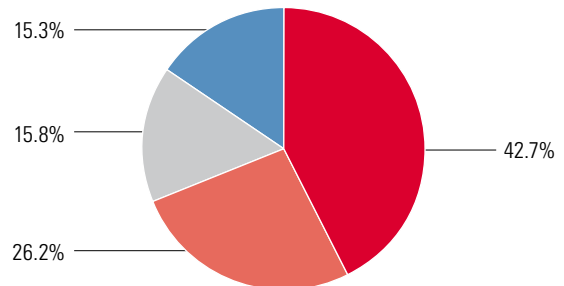
This increased prominence is expected to reduce the potential for vehicle collisions stemming from poor visibility of the motorcycle to other road users.

Postal Delivery Co-ordinator
Michael Curragher, from the
St Kilda Delivery Centre in Victoria,
in the new high-visibility clothing.

Employment by region



Employment by occupation



Diversity and equal employment opportunity

The rich diversity and multiculturalism of the Australian community is reflected in our workforce, with women and men, ranging in age from 16 to 79, representing some 135 nationalities and speaking more than 70 languages. Through our Workforce Diversity Business Strategy, we track four indicators of diversity – women, Indigenous Australians, people with disabilities and people from non-English speaking backgrounds.

This year, the representation across these categories remained relatively consistent. Women now account for 39.8 per cent of all staff (40.1 per cent last year). Indigenous Australians employed or undertaking traineeships comprise 1.7 per cent of all employees (the same as last year). People with disabilities make up 8.2 per cent of our staff (8.4 per cent last year). Employees from non-English speaking backgrounds account for 22.8 per cent of all staff (22.6 per cent last year). Staff under 50 years of age comprise 66.4 per cent of all employees (64.9 per cent last year).

		Number		Proportion (%)	
		2008-09	2009-10	2008-09	2009-10
Women	Total	14,235	13,726	40.1	39.8
	Managers	727	697	32.5	32.1
	Executives	47	49	20.5	21.4
Indigenous Australians	Total	605	593*	1.7	1.7
	Managers	16	11	0.7	0.5
	Executives	0	0	0	0
People with a disability	Total	2,983	2,839	8.4	8.2
	Managers	215	189	9.6	9.0
	Executives	18	19	7.9	8.0
People from non-English speaking backgrounds	Total	8,036	7,867	22.6	22.8
	Managers	437	423	19.5	20
	Executives	20	20	8.8	9.0
Age	Total under 30 years	3,603	3,246	10.1	9.4
	Total 30-50 years	19,457	19,638	54.8	57.0
	Total over 50 years	12,449	11,573	35.1	33.6

*Includes 50 trainees.



PSO Mikayla White is one of Australia Post's 593 Indigenous employees.

Employee turnover

In 2009–10, staff turnover rates remained the same as last year, at 9.4 per cent. A total of 3,152 permanent staff ceased employment with Australia Post, while during the same period we recruited 1,211 new people.

As is historically the case, turnover rates were significantly higher for part-time staff (16.1 per cent this year compared with 18.1 per cent last year) than for full-time staff (6.7 per cent this year compared with 6.1 per cent last year).

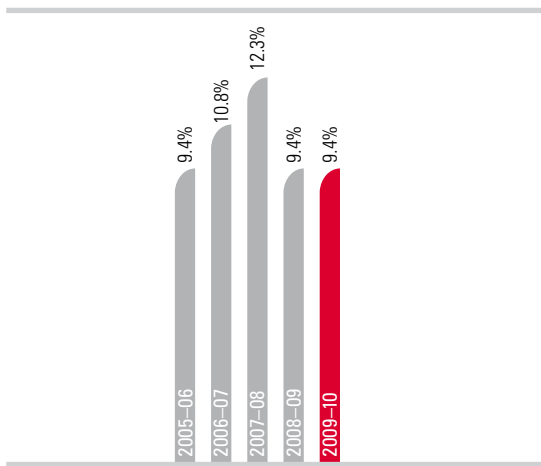
As women account for a larger proportion of our part-time employees, the turnover rate for women is slightly higher than for men (10.2 per cent compared with 8.7 per cent). This trend has remained consistent over the past five years.

Turnover rates were also higher for younger staff and staff reaching retirement age.

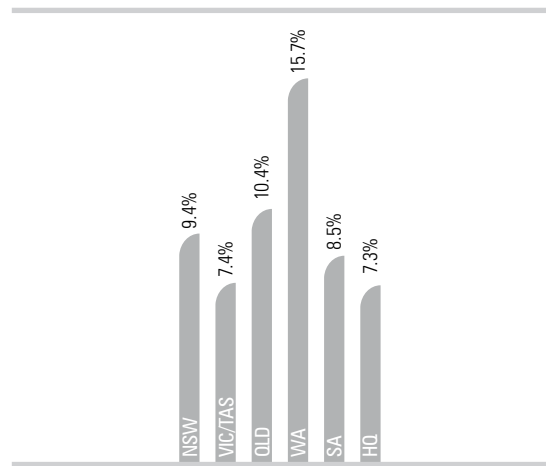
Employee turnover rates varied across the nation, with Western Australia (15.7 per cent) and Queensland (10.4 per cent) experiencing higher than average turnover rates, driven by changes in the resources industries that have produced a particularly tight labour market in those states.

While overall turnover rates declined this year, we continue to monitor and investigate any areas where the level of turnover has the potential to impede our performance. We are implementing strategies to reduce turnover in these areas.

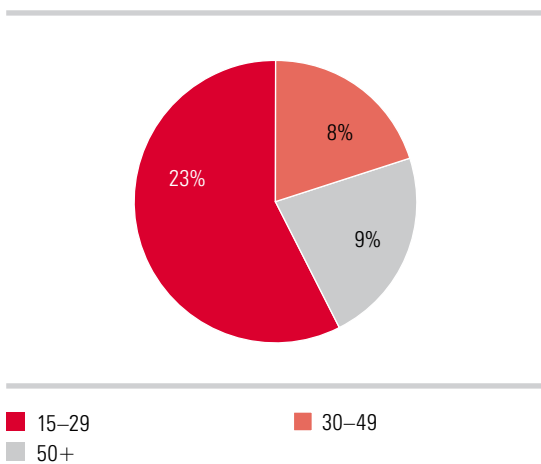
Overall turnover rates



Turnover rates by region



Turnover rates by age



Workforce and diversity planning and management

During 2009–10, four key challenges, among others, had an impact on Australia Post’s workforce and diversity profile. These were:

- a high proportion of our workforce over the age of 50 (33.6 per cent)
- higher turnover for staff younger than 25 (30.2 per cent)
- higher turnover rates in Queensland and Western Australia (10.4 per cent and 15.7 per cent respectively)
- maintaining Indigenous employment.

Our Workforce Planning Strategy and our Workforce Diversity Business Strategy are designed to create an inclusive and diverse workplace and ensure greater workforce flexibility while addressing the key challenges that we face now and in the future. The effectiveness of our strategies will be measured by tracking key performance indicators.

Age management and turnover

With more than one-third of Australia Post’s workforce over the age of 50 years (the average age of employees is 45 years, while the industry average is 37 years) and the higher turnover for younger staff, an ageing workforce has presented a challenge over the past few years.

Through our Workforce Planning Strategy, we have been accelerating programs to attract and retain young people, including the continuation of our Enterprise Graduate Program and providing retirement transition support. The impact of our programs can be seen in the table on page 12, with the proportion of staff over 50 declining slightly. We have also had several programs in place in Queensland and Western Australia to reduce turnover rates, which declined during the year.

This year we achieved our targets of retaining 80 per cent of new recruits in the first two years (84.3 per cent retained) and 80 per cent of key talent (96.2 per cent retained).

Indigenous employment

Australia Post has been promoting Indigenous employment through its Indigenous Employment and Business Strategy for more than 20 years. Since the relaunch of the strategy in 2008, we have focused specifically on increasing opportunities for young Indigenous people. Our School to Work program has provided 37 young Indigenous Australians with the opportunity to attend school and work with Australia Post one day per week. Our traineeships gave 13 Indigenous young people the opportunity to work at Australia Post. This year, we also produced a DVD showcasing Australia Post’s Indigenous employees with their

family and friends, telling their stories to further promote Indigenous employment with Australia Post.

Employment of people with a disability

While the proportion of Australia Post staff with a disability makes up 8.2 per cent of our staff (8.4 per cent last year), we were slightly under our 8.5 per cent target. Negotiations have begun with service provider WorkFocus Australia to provide support to Australia Post in employing people with a disability. These negotiations are expected to be completed early in 2010–11.

Eliminating harassment, discrimination and bullying

To ensure that the Australia Post workplace is free of harassment, discrimination and bullying, we continued to deliver to employees annual training sessions on the prevention of such anti-social behaviours. We also informed staff of their workplace behavioural responsibilities by distributing information brochures and accompanying management briefing material (to enable employee briefings) on the following topics:

- Stop it! preventing sexual harassment in the workplace (August 2009)
- Can’t you take a joke? courtesy and respect at work (October 2009)
- Diversity – it’s about all of us celebrating our diverse workforce (April 2010).

Occupational health and safety

Australia Post operates a comprehensive occupational health and safety program that is focused on the prevention of injuries and illnesses within our workforce and the protection of our customers from risks arising from our operations. We have a range of audit programs and procedures that are designed to identify workplace safety hazards and eliminate them before they cause injuries.

We have a particular focus on preventing the most commonly occurring incidents in our workplaces, which are to do with manual handling, the operation of load-shifting equipment and the use of motorcycles for mail delivery.

Workforce and diversity profile			
Indicator	Target 2009–10	Actual 2009–10	Target 2010–11
New recruits retained in the first two years (%)	80	84.3	80
Average retirement age (years)	No target	58.9	No target
Retention of key talent (%)	80	96.2	80
Proportion of women (%)	39.5	39.8	42
Proportion of Indigenous Australians (%)	1.8	1.7	2
Proportion of people with disabilities (%)	8.5	8.2	10
Proportion of people from non-English speaking backgrounds (%)	21	22.8	22

Tragically, the driver of an Australia Post truck died in a head-on collision with another truck in rural Western Australia in December 2009. The finding of the OH&S regulator investigation was that Australia Post did not breach its duty under the Commonwealth Occupational Health and Safety Act in relation to this incident.

Lost time injury frequency rate (LTIFR)

Our lost time injury frequency rate (LTIFR) increased this year, with 8.8 lost time injuries per million work hours (up from 7.1 last year). This increase was due mainly to sprain-type and strain-type injuries associated with manual handling tasks.

To prevent these commonly occurring injuries, we continued to assist operational managers to effectively implement the corporation's Manual Handling Policy. In addition, during the year we:

- trained motorcyclists in safe riding behaviour, reinforcing existing safe work practices, including regular motorcycle maintenance inspections and undertaking risk reviews of motorcycle rounds
- began using new high-visibility clothing for posties and high-visibility panniers on the motorcycle to increase the visibility of motorcycle posties to other road users
- introduced new guidance material for assessing the safety features and operational suitability of load shifting equipment introduced into a workplace
- introduced procedures for the safety management of trades and other specialist contractors attending work sites, with a major focus on contractors engaged to maintain load shifting equipment.

During the reporting period, Australia Post appeared before the Senate inquiry into Australia Post's treatment of injured and ill workers. The transcript of the hearings, copies of submissions made to the inquiry and the report of the inquiry are available at www.aph.gov.au/Senate/committee.

The Senate committee inquiry made four recommendations to improve the corporation's injury management program, including improving the level of knowledge and understanding about the program. Australia Post agrees with the recommendations and is updating the program.

Employee attendance

The level of employee attendance remained relatively unchanged during the year, at 94.3 per cent (94.6 per cent in 2008–09). We continued to focus on attendance, using national attendance guidelines and delivering

initiatives that promote workplace flexibility, employee retention and staff engagement.

Employee health and wellbeing

Through our employee health and wellbeing strategy, we are endeavouring to improve productivity and attendance while providing employees with quality-of-life benefits. We offer a range of health and wellbeing programs for staff, including a financial education program, confidential staff counselling service, Mensline (a telephone counselling service for men) and Staying Connected (workshops for fathers who have limited access to their children). During the year, we also conducted seminars for managers and supervisors to improve their awareness of domestic violence and mental health issues.

Labour relations

Our staff are represented by two key unions: the Communications Electrical Plumbing Union (CEPU) and the Community and Public Sector Union (CPSU).

In the second half of 2009, Australia Post continued negotiations with the CEPU, CPSU and nominated bargaining representatives on a new EBA (EBA7) and, despite no agreement being reached, paid the salary increases outlined in the original EBA7 pay offer. Eligible staff received a 4 per cent pay rise in August 2009 and a \$500 performance bonus in September 2009 for their contribution to the business's surpassing of its target for on-time letter delivery during 2008–09. Nonetheless, the failure to agree on EBA7 resulted in pre-Christmas industrial action at some Australia Post sites.

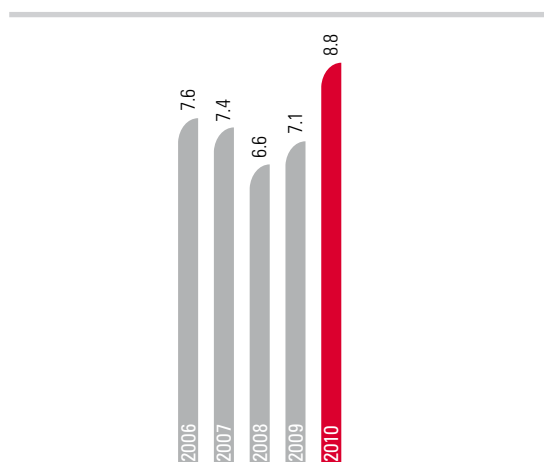
In March 2010, as a result of discussions between the parties led by Australia Post Managing Director and Chief Executive Officer Ahmed Fahour, CEPU National President Ed Husic and CPSU National Secretary Louise Persse, a memorandum of understanding was signed that outlines a new framework for negotiations to achieve a Fair Work Agreement this year and guarantees the pay increases for 2010.

Agreement on a Fair Work Agreement was reached in July (after the 2009–10 reporting period).

Freedom of association

The right of employees to exercise freedom of association is enshrined in Australian law under the *Fair Work Act 2009*. Australia Post complies with this law, and as part of our commitment to respecting the freedom of association of our staff we do not keep records of employee union membership.

Lost time injuries per million work hours



Rates of injury, occupational disease, lost days and fatalities		
	2008–09	2009–10
Injury rate (IR) ¹	4.8	4.8
Occupational disease rate (ODR) ²	0.95	1.13
Lost-day rate (LDR) ³	0.0016	0.0016
Fatalities (number)	1	1
Fatality rate (per million km)	0.005	0.005

1 The IR represents the frequency of injuries relative to the total time worked. It is calculated by dividing the number of injuries by the number of hours worked (per 200,000 hours).

2 The ODR is calculated by dividing the number of diseases by the number of hours worked (per 200,000 hours).

3 The LDR is the number of days lost to injury and occupational disease divided by the number of days worked.

OUR COMMUNITY

Australia Post is a valued community asset – owned and operated by the Australian community for the Australian community. We have a long-term interest in fostering sustainable communities and a workplace culture that encourages our people to give something back.

ACHIEVEMENTS

Achieved our target of engaging more than 1,000 staff, or 3% of total Australia Post staff, in the Workplace Community Giving program.

Donated \$387,777 to eight staff-selected charities, including our commitment to match staff donations through the Workplace Community Giving program.

CHALLENGES

Building more support for the Workplace Community Giving program across a large and geographically diverse corporation.

Maintaining our long-term commitment to community investment despite challenging business conditions.

Identifying dynamic business community partnerships that are aligned with our strategic direction.

OUTLOOK

Continue to engage staff in the Workplace Community Giving program to achieve a 5% participation rate by 30 June 2011.

Establish a target for our total community investment spend by 30 June 2011.

Launch a new national team-based workplace giving program by 31 December 2010.

Our role in the community as a valued and trusted service provider extends far beyond the products and services we offer in our outlets and through our delivery network. We are committed to a community investment approach that contributes to the education of young Australians, supports environmental programs and helps to sustain rural and regional communities. We selected these areas based on staff feedback and research as well as their alignment with our business priorities. This section of the report describes our key partnerships and how we measure our reach and impact.

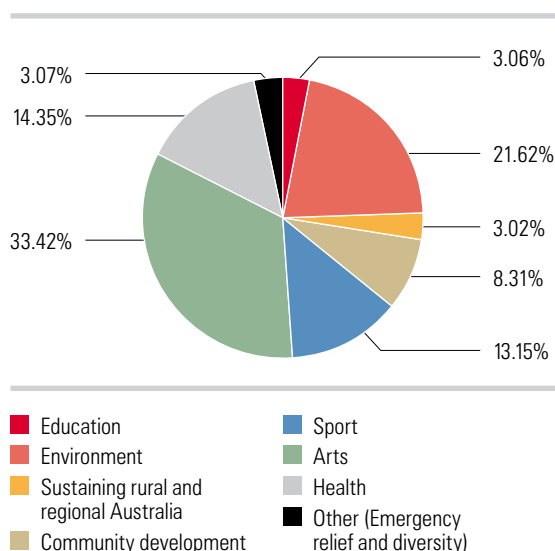
Measuring our reach and impact

Australia Post is a member of the London Benchmarking Group and we use this internationally recognised methodology for measuring and reporting our corporate community investment (CCI). This is our second year of reporting using this methodology, which provides rigour for the measurement and reporting of our CCI and also allows for benchmarking with relevant businesses in Australia and internationally.

In 2009–10, we invested \$4.37 million (in cash, time, in-kind contributions and management costs), or 4.9 per cent of net profit, in community programs; this compared with \$7.46 million (2.9 per cent of net profit) in 2008–09. The decline in this year's results reflects the absence of large-scale donations to major natural disasters, such as the 2009 Victorian bushfires, and our strategy of focusing on fewer, deeper community partnerships to deliver the greatest impact and outcomes for the community.

Our allocation of community investment, as seen in the graph, reflects our CCI strategy and increased focus on the key areas of educating young Australians, supporting community environmental programs and sustaining rural and regional communities.

Allocation of community investment (includes cash, time and in-kind contributions)



Note: This data has been verified by London Benchmarking Group (LBG) Australia/New Zealand.



GIVING SHELTER TO CREATURES GREAT AND SMALL

WORKPLACE GIVING TO RSPCA

Since the launch of our Workplace Community Giving program in July 2009, Australia Post employees have donated \$51,016 to the RSPCA. As a result of the corporation's commitment to matching (up to \$200 per contributing employee), the RSPCA also received \$38,069 in additional support from Australia Post.

"We've been thrilled with the support received from Australia Post staff through Workplace Community Giving," says RSPCA Australia CEO Heather Neil. "The RSPCA has to raise 97 per cent of our national operating budget from the community every year, so support like this is invaluable and lets us get on with the job of rescuing, rehabilitating and rehoming animals in our care."

Postal Manager Julie Harris donates to the RSPCA through our Workplace Community Giving program.

Educating young Australians

Kids Teaching Kids

Kids Teaching Kids is a national schools-based education program designed to foster greater awareness of local environmental issues while increasing the effectiveness of learning through peer education. Following a successful pilot partnership with Kids Teaching Kids in 2009, Australia Post has become the principal partner in the program for 2010 and 2011.

In 2009–10, Australia Post's partnership with Kids Teaching Kids resulted in:

- expansion of the Kids Teaching Kids program to 400 new schools (4,000 students)
- presentations by 18 schools of their Kids Teaching Kids workshop to Australia Post staff
- Kids Teaching Kids days being held at the Melbourne Gateway Facility (Tullamarine) and Sunshine Parcels Facility in Melbourne and the Sydney West Letters Facility
- 23 Australia Post staff volunteering at Kids Teaching Kids conferences nationally.

Other education initiatives for young Australians

Australia Post has a long history of encouraging learning and literacy in Australian schools. In addition to the Kids Teaching Kids program, we also supported the following initiatives.

Australia Post Education Resources, including Postie Kate interactive, Letter Writing Fun, and postie jokes, which are available at auspost.com.au/education. In 2010–11, we will maintain the popularity of the education resources as measured by visits to the website (more than 100,000 hits to the website were received during 2009–10).

Oz Opera Schools program to tour 290 schools across metropolitan and regional Victoria and New South Wales, performing for 80,232 primary school students in 2009.

National Literacy and Numeracy Week, again sponsored (in September), this initiative aims to highlight the importance of effective literacy and numeracy skills for all children and young people.

Supporting the environment

Australia Post supports a number of organisations in promoting environmental awareness and facilitating community-based recycling initiatives.

Banksia Environment Awards

In 2009, we partnered with the Banksia Environmental Foundation as naming rights sponsor of the People's Choice Award. This award gives all Australians the opportunity to cast their vote for the most inspirational individual or initiative contributing towards a better environment. Australia Post has committed to sponsoring the People's Choice Award for another two years.

Community-based environment programs

During the year, Australia Post continued to support a range of community-based environment programs that focus specifically on recycling, including **Cartridges 4 Planet Ark**, a toner cartridge recycling program (we collected 523,675 cartridges); **MobileMuster**, a mobile phone and accessories recycling program (we collected over 8,400 kilograms of phones and accessories); and **Green PC**, a PC recycling program (260 computers).

Sustaining rural and regional Australia

Australia Post plays an important role in connecting regional and remote parts of Australia and has a long history of supporting these areas.

Oz Opera

Our major rural and regional community investment is our principal sponsorship of Oz Opera, the touring arm of Opera Australia (of which we are a Hero Partner). Continuing on from its successful tour in 2008–09, Oz Opera's production of *Madame Butterfly* was performed in 21 regional and suburban locations this year (29 locations last year) across the ACT, Queensland, Northern Territory and Western Australia, reaching nearly 14,000 people through education workshops.

Through our partnership with Oz Opera, we are planning to bring opera to Victoria's bushfire recovery region in late 2010.

Foundation for Rural and Regional Renewal

Since 2005, Australia Post has partnered with the Foundation for Rural and Regional Renewal (FRRR) to provide the Stretching the Envelope program. The program offers grants of up to \$1,000 to community groups in Victoria and New South Wales that support youth, education, arts and culture.

Through the Stretching the Envelope program, Australia Post donated \$33,000 in grants to community groups in 2009–10 (\$70,000 in 2008–09). For more information on these programs, go to auspost.com.au.

Supporting our staff and encouraging their investment in the community

Workplace Community Giving

On 1 July 2009, Australia Post launched its Workplace Community Giving program, which enables staff to make regular donations from their pay

to selected charities. As a result of extensive consultation with staff, the Workplace Community Giving program supports eight charities:

- Australian Council, State Emergency Service
- Cancer Council Australia
- Children's Hospital Foundations Australia
- Heart Foundation
- McGrath Foundation
- RedKite
- RSPCA
- WWF Australia.

We exceeded our goal of 3 per cent* staff participation, reaching 3.15 per cent (or 1,114) of staff signing up to the program in the first year. The charities we are supporting received \$222,185.13 in staff contributions and an additional \$165,592.33 in matched donations from Australia Post, based on our commitment to match staff contributions dollar for dollar up to \$200 per person per annum. In 2010–11, our goal is to reach 5 per cent staff participation in the Workplace Community Giving program.

Be Seen in Red and Green

Since the Be Seen in Red and Green (BSRG) program started in 2000, it has grown to become an avenue for employees, contractors, licensees and franchisees across Australia to actively fundraise for community causes. In 2009, our staff raised \$342,000 through team-based fundraising activities.

In 2010–11, we will expand our Workplace Community Giving program to include the fundraising efforts of our staff who choose to work in teams and support the community. This national program will celebrate 10 years of our staff joining together to have fun in the workplace and raise valuable funds for our community workplace partners.

*Australia Post Corporate Responsibility Report 2008–09 incorrectly stated the first year target as 5 per cent.

TRUSTED WITH TEACHING FUTURE GENERATIONS

KIDS TEACHING KIDS IN BARMERA

While the plight of the Murray Darling River system doesn't sound like a good news story, through the Kids Teaching Kids program it has provided the opportunity for primary school students in Barmera, South Australia, to develop knowledge, leadership and confidence while advocating for a sustainable future.

Barmera is situated on the shores of Lake Bonney, a freshwater lake that was fed from the Murray River. However, in a move to protect the drought-stricken Murray Darling River system, Lake Bonney was cut off from the river in 2007. As Barmera relies on tourism and fruit growing as a major source of income, the prospect of Lake Bonney becoming unusable had a dire effect on the morale of the town.

It was then that the students from Barmera Primary School attended the first Kids Teaching Kids Conference in Mildura in 1999 and used the river as a theme around which students designed presentations and workshops that they delivered to other young people. Inspired by this event, the students decided to run their own Kids Teaching Kids Expo.

The Kids Teaching Kids Expo proved such a success that it has continued growing each year. It has resulted in a greater focus on sustainable development across the community, development of a walking and bike trail along the lakefront, lakefront cleanups and tree planting, and the presentation of Kids Teaching Kids workshops to the Central Irrigation Trust Board, Berri Barmera Council and the mayor.

ECONOMIC PERFORMANCE

Australia Post makes a significant contribution to the Australian economy through employment, superannuation and community investment, as well as its retail presence and service delivery in every Australian community.

ACHIEVEMENTS

Contributed \$4.5 billion to the economy in labour and operating costs.

Contributed a total of \$4.37 million to the community (including cash, time, in-kind contributions and management costs).

Provided indirect economic support for 8,673 small businesses (licensees, franchisees, community postal agents and mail contractors).

CHALLENGES

Managing the transition to our new business model to achieve future profitability.

Maintaining revenues when letter volumes are declining.

OUTLOOK

Achieve a target of 12.5% return on equity.

Reduce exposure to potential increases in energy prices.

Direct economic value

Total revenue for the year declined by 2.3 per cent to \$4.9 billion and our before-tax profit of \$103.0 million was 73 per cent less than in 2008–09.

Indirect economic value

In addition to our direct payments to employees, we contracted more than 8,500 licensees, franchisees, community postal agents and mail contractors – who, in turn, employ thousands more Australians in the running of their small businesses.

Payments to and from government

Australia Post paid \$171.9 million in dividends to its only shareholder, the Commonwealth Government (based on a target dividend ratio of 75 per cent of after-tax profits) and \$448.6 million in tax. We did not receive any significant financial assistance from the government during this reporting period.

Superannuation

The Australia Post Superannuation Scheme (APSS) provides employer-financed superannuation benefits, including total and permanent disability and death benefits, for nearly all Australia Post staff and the employees of our associated companies. The APSS defined-benefit scheme calculates the employee's superannuation benefit as 14.3 per cent of their final average salary multiplied by their years of service. In providing this defined benefit, Australia Post exceeds the requirements of the Australian Superannuation Guarantee System, which requires employers to pay super contributions of 9 per cent of final average salary into their employees' retirement fund.

In 2009–10, Australia Post contributed \$129.3 million to the APSS. There are sufficient assets in the APSS to cover the corporation's existing defined

benefit obligations. For more information, refer to financial note 12 on page 68 of the annual report – go to auspost.com.au/annualreport.

Financial implications from climate change

Australia Post is exposed to climate change risks. One significant exposure is the likely increase in energy and fuel prices in the future. We have a considerable work program in place to model, manage and reduce our exposure to future energy price rises.

In addition, identified risks are incorporated in the Corporate Risk Profile, and updates on the risks posed by climate change are reported quarterly to the Audit and Risk Committee and annually to the board.

Economic value generated

	2008–09 \$m	2009–10 \$m
Revenue	4,985.3	4,870.6
Operating costs	2,348.7	2,311.2
Employee wages and benefits ¹	2,173.5	2,225.3
Payments to government	499.5	448.6
Community investments	7.46	4.37
Dividends declared	222.4	79.1

¹ Including cash, time, in-kind contributions and management costs.

PRODUCTS AND SERVICES

At Australia Post, we are endeavouring to enhance our product and service offering by striking the right balance between customer expectations and our environmental, social and commercial objectives.

ACHIEVEMENTS

Exceeded all of our community service obligations.

70% of contracted suppliers covered by supplier code of conduct.

Increased recycled input materials in Australia Post-branded products to 92% (90% last year).

CHALLENGES

Incorporating appropriate measures of corporate responsibility into products and services.

Managing the transition to the national customer contact centre.

Engaging people and enhancing processes across the breadth of our corporation.

OUTLOOK

Adopt corporate responsibility practices for an increasing number of products and services.

Apply supplier code of conduct to all suppliers by 30 June 2011.

Exceed our regulated performance standards and maintain levels of customer satisfaction.

Australia Post provides valuable services and products to millions of Australians every day. As part of our commitment to corporate responsibility, we take social, environmental and economic considerations into account in the planning, development and operation of our network and the development and procurement of our services and products.

Postal and delivery network services

To provide accessibility to our services across Australia, our postal network comprises 4,415 Australia Post outlets and 23,881 posting facilities (including 16,039 street posting boxes). Through our delivery network, we service more than 10.7 million addresses across Australia.

We are committed to maintaining a high standard of network services and to meeting performance standards outlined in the Australian Postal Corporation (Performance Standards) Regulations 1998 that form part of our community service obligations (CSOs) (see table below).

This year, we again met or exceeded all of our CSO performance standards, including delivering at least 94 per cent of domestic letters on time (we delivered 96.1 per cent of domestic non-bulk letters either on time or early). For a summary of our performance against our key CSO targets, go to auspost.com.au.

Regulated performance standards	2007–08	2008–09	2009–10
Maintain 10,000 street posting boxes*	15,878	16,055	16,039
Maintain 4,000 retail outlets*	4,453	4,433	4,415
Maintain 2,500 retail outlets in rural and remote areas*	2,561	2,541	2,531
Deliver 94% of domestic letters on time	95.9%	95.5%	96.1%
Ensure a postal outlet is within 2.5km of 90% of metropolitan residences*	93.4%	93.4%	93.7%
Ensure a postal outlet is within 7.5km of 85% of non-metro residences*	87.5%	87.5%	87.7%
Deliver mail five days a week to 98% of delivery points*	98.8%	98.8%	98.8%
Deliver mail two days a week to 99.7% of delivery points*	99.9%	99.9%	99.9%

* Results as at end of financial year(s).

1 The contribution of our licensees, franchisees, postal agents and mail contractors is included in this CSO data.

2 Australia Post's complete CSO performance report is included in this year's annual report on page 98.



STATIONERY RANGE GOES GREEN

ECO STATIONERY RANGE

In February 2010, we began a trial of “eco” stationery in selected Australia Post outlets in Victoria.

The stationery, including printing and copying paper and notebooks, has been chosen for its reduced impact on the environment.

The Tudor ECO notebooks, for example, have a 100 per cent recycled hard cover and 70 to 75 per cent recycled pages, made from a combination of agricultural waste, recycled waste paper, and bamboo crops that are harvested for regrowth as a sustained renewable resource.

Changes to the postal network, facilities and products and services

From time to time, as market conditions and demographics change, we need to modify our network, facilities, products and services.

In response to rapid network growth in areas such as western Sydney, south-east Melbourne and parts of Western Australia that will add 2.5 million addresses to our delivery network over the next decade, this year we submitted a proposal to the Australian Competition and Consumer Commission (ACCC) to increase the basic postage rate by five cents. Our proposal included considerable detail regarding letter volumes, cost projections, productivity improvements and stakeholder consultation. The ACCC announced that it had no objection to increasing the price of a basic postage stamp to 60 cents, effective 28 June 2010. The new stamp price represents only the third price rise in 18 years; and even after the price increase, Australia will still have the third-lowest basic postage rate among OECD countries.

Other changes that occurred during the reporting period involved postal facilities, which either opened, converted (to a licensed post office or franchise), relocated, consolidated or closed (for details of the changes during 2009–10, go to auspost.com/annualreport). To minimise any impact of such changes on the local community, we communicate with relevant local stakeholders to inform them of the reasons for the change and consider their views in relation to the proposed change. The channels we use to communicate these changes may include letters to residents, customer notices in outlets and the local distribution of media releases.

Following a review of our community consultation process in 2008–09, we released our National Community Participation Procedures in

November 2009. The procedures allow relevant managers to consider the community impact of proposed changes as part of our business justification case and planning processes. The procedures include centralised electronic tools to ensure a nationally consistent approach, with more than 140 managers across the country being trained in using the new procedures.

We have complementary policies and procedures, including our Community Mail Polling Process, which seeks to quantify support for changes to local delivery arrangements. In response to a recommendation from the Postal Industry Ombudsman received in 2008–09, we conducted a review of our approach to community mail polling (see page 24). We also have a Street Posting Box Policy that covers the removal or relocation of street posting boxes. To read the Street Posting Box Policy, go to auspost.com.au.

Sustainable mail

Our commitment to delivering sustainable mail products and services goes beyond developing niche “green” products. It involves integrating corporate responsibility considerations into the research, planning, development and delivery of our core products and services – starting with our letters delivery products.

To enhance our understanding of the environmental impacts of our letters delivery service, we conducted life cycle assessments in 2009–10 (see page 22). These investigated end-to-end procedures from acceptance to transport, processing and mail delivery for our letters delivery products. This information informs our decision-making in an effort to minimise our environmental impact while maintaining our economic and social commitments.

Helping our customers reduce mail production impacts

We are also helping to reduce the environmental impacts associated with the part of the letters life cycle that usually lies outside Australia Post – namely, mail production (other than eLetters) – by guiding our customers to:

- provide accurate address details or distribution lists (eLetters)
- minimise the weight of letters or parcels
- select paper and envelopes with reduced environmental impacts
- use packaging that fits the requirements of their letters or parcels to reduce weight and waste
- choose packaging that incorporates recycled sources and can itself be reused or recycled
- send mail early so that it can go through standard mail systems to reduce the need for couriers or air mail.

To help our customers, we have produced a range of guidance material for the mail industry, including “Environmental considerations for mail production” (go to www.mailmarketing.com.au) and *Envelopes going green* (go to www.ourcommunity.com.au/post/goinggreen).

Sustainable sourcing for our operations

To operate our business, we spend over \$2.1 billion on a large range of products and services from Australian and overseas suppliers. Our corporate responsibility strategy commits us to integrating sustainable sourcing throughout our supply chain, and to achieve this aim we outlined our expectations of our suppliers in our supplier code of conduct, which was launched in 2008–09. From that time, the supplier code of conduct became a mandatory inclusion for all new contracts. During this reporting period, existing contracts with 63 key suppliers were updated to require these suppliers to comply with the code of conduct. As at 30 June 2010, approximately 70 per cent of contracted suppliers were covered by the code of conduct.

During the pilot for integrating sustainable sourcing into our supply chain, the focus was on procurement categories with high spend and high sustainability impact (goods, equipment, fleet, facility management and distribution). For these categories, we included sustainability requirements and guidance for procurement staff to develop category-specific selection criteria and carry out supplier and product evaluation (with the weighting for sustainability requirements ranging from 0 to 20 per cent as applicable).

The integration of sustainable sourcing for the high-spend, high-impact categories influenced key aspects of several major contracts in 2009–10, including:

- ensuring that the recycling of one-way polypropylene mail bags is undertaken in an environmentally responsible manner
- purchasing 54 hybrid vehicles as part of our vehicle procurement since the commencement of the preferred supplier agreement with Toyota
- ensuring that our Australian fuel supplier was managing and reducing the health and safety risks and environmental risks associated with fuel production and supply
- ensuring that the recycling supplier of our toner cartridge program met Australia Post’s corporate responsibility standards.

Building on these achievements, our focus during the year was to expand our pilot and build sustainability criteria in to evaluations for the procurement of all goods and services. This year, we also assessed the effectiveness of the sustainable sourcing of decision-making tools, and enhanced the sustainable sourcing of documentation and tools (including updating the supplier code of conduct and the supplier selection criteria).

During 2010–11, we will continue to include sustainability criteria in evaluations for the procurement of all goods.

LIFE CYCLE ASSESSMENTS

IDENTIFYING OPPORTUNITIES FROM PRODUCTS AND SERVICES LIFE CYCLE ASSESSMENTS

Specific life cycle assessments (LCAs) were undertaken to provide Australia Post with a detailed understanding of the environmental impacts associated with a number of our key products and services – letter delivery products, domestic parcels, international parcels, eLetter, Express Post and PostbillPay – and the basis for determining opportunities to reduce their associated greenhouse gas emissions.

The eLetter solutions LCA highlighted opportunities to streamline the production of eLetters and improve energy efficiency of the production equipment. Several of the LCAs pointed to opportunities to reduce transport impacts by increasing utilisation of Australia Post vehicles and reducing greenhouse gas emissions from contractor vehicles, taking Express Post parcels off air transport on Saturdays and Sundays and sending Express Post letters out with the normal mail run where the mail is delivered before 11am.

In support of our Future Ready program and in response to our commitment to reducing our carbon footprint, the LCAs are also being used to explore new opportunities to:

- provide a “green” option for the use of environmentally credentialled paper, smart design, vegetable inks and print production (eLetters), packaging made from recycled materials, online lodgement, and road transport or shipping rather than Air Mail, as applicable
- apply environmental labelling that provides information about the recycled content, recyclability (including plastics code) and the carbon impact of a product or service
- offer low-carbon or carbon-neutral options whereby carbon offsets may be incorporated into the price of the product or service.

Australia Post-branded sustainable products and packaging

Through our retail outlets, we sell a range of Australia Post-branded products and mail packaging products, including the Postpak and Post Office Supplies brand. We have a long-term commitment to reduce the environmental impact of these products, as evidenced by our membership of the National Packaging Covenant since 2002.

Almost half of our products and packaging materials (44 per cent) are derived from recycled sources (41 per cent last year), and 92 per cent of our products and packaging are recyclable (90 per cent last year). The product-to-packaging ratio for Australia Post-branded products is 20.1:1kg (20.4:1kg last year), indicating that many of our products have minimal packaging or none at all.

During the year, we reduced the amount of packaging used in our Australia Post exclusive range of Christmas greeting cards by removing all cardboard packaging from several ranges of cards.

We also made further improvements to our packaging range of products. We are currently trialling mailing boxes made from 66 per cent recycled board. In addition, we reviewed pallet configurations and transport use, which resulted in reducing pallet spaces by approximately 786 per year.

We also introduced a smaller, stronger “bubble” in some of our bubble wrap products, as well as introducing up to 50 per cent recycled content. By moving to the new bubble, we were able to reduce the size of the 300mm x 3m bubble wrap rolls and hence increase the number of rolls in each distribution carton from 12 to 16. This created an annual reduction of 7,500 cartons and 191 pallets.

We reduced all shrink film from 15um to 11um, saving approximately 600kg of material per year. Satchel liners are now packed in 11um shrink film as opposed to two poly bags of 40um, resulting in a saving of 34,000 bags.

Recycled input materials in Australia Post-branded products

	2008–09	2009–10
Percentage of input materials that are recycled (%)	41	44
Percentage of packaging and packaging products that are recyclable (%)	90	92

Tonnes of material used in Australia Post-branded products

	Recyclable/ non-recyclable	Locally produced packaging	Imported packaging	Total materials used	Percentage of recycled content
Paper	Recyclable	4,514.10	557.28	5,071.38	44.10%
Cardboard	Recyclable	2,016.15	254.84	2,270.99	49.51%
Plastic 3 – PVC	Non-recyclable	0	1.02	1.02	0%
Plastic 4 – LDPE/LLDPE	Recyclable	281.03	350.59	631.62	21.32%
Plastic 5 – PP	Non-recyclable	22.02	5.66	27.68	49.98%
Plastic 6 – PS/EPS	Non-recyclable	0	0.23	0.23	0%
Plastic 7 – Other	Non-recyclable	0	0.21	0.21	0%

All data in this table has been collected and measured in accordance with the National Packaging Covenant guidelines. Our suppliers provide a detailed analysis of the packaging materials used on each and every product, and the volumes are captured through the recording of sales transactions for all products at our retail counters.

Customer satisfaction

In addition to improving the environmental performance of our products and services, we are committed to improving their social and economic contribution. To measure our success, Australia Post commissions independent market research to quantify customer perceptions of our brand image and satisfaction among a representative sample of our residential and business customers (the Corporate Image Monitor). The research is conducted continuously, with approximately 2,400 business customers and 1,500 residential customers interviewed per year. The survey results reveal that we maintained high levels of customer satisfaction across key customer segments in 2009–10 (see table below).

Business customer satisfaction with Australia Post

	2007–08 %	2008–09 %	2009–10 %
Satisfaction with letter and postal services	96	96	94
Satisfaction with retail outlets	97	96	94
Satisfaction with customer contact centres	89	85	83
Overall satisfaction with Australia Post	96	96	96

Source: Australia Post Corporate Image Monitor conducted by Sweeney Research.

Note: Results for 2007–08 vary slightly from this year as we are now reporting on financial year results, rather than year ending April, as has been reported previously.

Customer satisfaction continued

Residential customer satisfaction with Australia Post			
	2007–08 %	2008–09 %	2009–10 %
Satisfaction with letter and postal services	97	97	97
Satisfaction with retail outlets	96	95	96
Satisfaction with customer contact centres	79	84	89
Overall satisfaction with Australia Post	98	97	97

Source: Australia Post Corporate Image Monitor conducted by Sweeney Research.

Note: Results for 2007–08 vary slightly from this year as we are now reporting on financial year results, rather than year ending April, as has been reported previously.

Handling customer queries and complaints

We understand that, to remain a trusted and customer-focused business, we must meet the needs and expectations of the millions of Australia Post customers, including those who contact us with queries and complaints. During 2009–10, we invested in changes that will:

- provide more options for customers wanting to contact Australia Post
- deliver a standardised customer experience
- reduce waiting and response times
- improve the accuracy of information given to our customers.

The most significant investment was to consolidate six state customer contact centres into one unified national centre (operating from sites in Melbourne and Brisbane) using new and improved customer relationship management technology. The national customer contact centre began handling calls in October 2009, with the last of the state centres closing in February 2010. All call centre staff working in Sydney, Adelaide, Perth and Hobart were given the opportunity to be retrained and/or redeployed into other areas of Australia Post.

To measure the success of our national customer contact centre, we commissioned independent research, which benchmarked our performance before consolidation into the national centre, and we will compare our performance with this benchmark now that the new national centre is operational.

During 2009–10, we handled more than 20 million interactions, including enquiries via telephone, email, website and our recently introduced social media channels.

We continued to exceed our Customer Service Charter commitment to resolve escalated enquiries within an average of 10 days. This year we resolved escalated enquiries within an average of 8.06 days.

Postal Industry Ombudsman

The Postal Industry Ombudsman (PIO) is an independent authority established under the *Ombudsman Act 1976* to investigate customer complaints about Australia Post and other postal or courier operators that have registered as private postal operators under the Act. Following a report by the PIO in 2009, Australia Post conducted a review of its polling process.

This review resulted in a number of enhancements, including:

- possibly holding a community information meeting before conducting a poll
- using the best local knowledge available to determine how eligible residents currently receive their mail and delivering the survey letter via the same means to make sure correspondence reaches the intended recipient
- introducing a comprehensive follow-up communication program to remind residents of the need to respond if they wish to make their views on changes to roadside delivery known
- extending the survey period from two to four weeks
- developing a standardised communication kit for use by delivery managers, with the Corporate Public Affairs Group responsible for the communications strategy for each poll.

In addition to the above enhancements, post-implementation reviews of a number of future polls will be conducted so as to:

- determine the effectiveness of the new procedures/communications material
- gauge community perceptions and views regarding the enhanced polling process.

Legal compliance

In 2009–10, there were no reported incidents of material non-compliance or fines in relation to the provision or use of our products and services.

The way in which we market our products and services is governed by the *Trade Practices Act 1974*. To ensure that we are honest and fair in all our marketing and communication, Australia Post operates a comprehensive trade practices compliance program. There are two key components to this program: biennial staff training and an advertising clearance procedure.

During the year, we provided job-specific training on the fair trading provisions of the *Trade Practices Act 1974* to 5,407 counter staff (5,480 last year) working in our retail network whose job requires them to make representations about Australia Post products and services to our customers.

As reported last year, we updated our online trade practices training program to reflect changes to the cartel and competition provisions of the *Trade Practices Act 1974*. The focus this year was on the roll-out of the updated online training once the new provisions became law in August 2009. Since then, we have registered the 1,955 staff nominated by management to complete the online trade practices training within the biennial period. In 2009–10, more than 82 per cent had completed all 10 modules of training within the first 10 months.

In July and August 2009, approximately 250 senior staff were also given face-to-face training that focused on the cartel and competition provisions of the *Trade Practices Act 1974*. This training began with 80 Australia Post senior managers (including all members of the executive committee), who then identified key representatives from their management teams requiring training on these issues.

All advertising, promotional and marketing material (including material for our website) is subject to a three-stage trade practices clearance process. At a national level, promotional material is checked and endorsed by an executive from the Corporate Secretariat, the Corporate Public Affairs Group and the National Trade Practices

Compliance Officer (there is a similar procedure in place for state-based advertising material). During the year, 1,099 clearances were processed.

There were no reported incidents of material non-compliance with the *Trade Practices Act 1974* during the year.

Protecting customer privacy

As one of Australia's most trusted services providers, we recognise the importance of protecting the privacy and confidentiality of customer information. We therefore maintain a national privacy program, guided by our Privacy Policy, to ensure that we comply with the *Privacy Act 1988*, the *Spam Act 2003* and the *Do Not Call Register Act 2007*. To read our Privacy Policy, go to auspost.com.au/privacy-policy.

As part of our national privacy program, we trained 6,992 counter staff working in our retail network and 1,858 administration staff on privacy issues during the year.

In 2009–10, there were no issues leading to any determination against Australia Post by the federal, state or territory privacy commissioners.

Stamp Issues

Australia Post promoted environmental awareness through a number of stamp issues during 2009–10, including the *Species at Risk – Joint Territories* and *Australian World Heritage Sites*. For more information, go to www.stamps.com.au.

Australian World Heritage Sites 25 May 2010



Species at Risk – Joint Territories 4 August 2009



ENVIRONMENTAL PERFORMANCE

We recently committed to a carbon reduction target of 25 per cent of our year 2000 emissions levels by 2020. This is the first time Australia Post has publicly communicated an emissions reduction target, which is a big step towards minimising our environmental footprint.

ACHIEVEMENTS

Set a target to reduce our greenhouse gas emissions by 25% of our year 2000 emission levels by 2020.

Developed a comprehensive carbon analysis and reduction strategy to achieve our greenhouse reduction target.

Committed \$11.2 million for the implementation of a national energy management plan.

CHALLENGES

Implementing our carbon reduction strategy to achieve our 25% reduction target by 2020.

Managing our environmental impacts while our business undergoes a significant transformation.

Ensuring that carbon and energy impacts are among the factors considered in all major business decisions.

OUTLOOK

Improve energy efficiency and reduce emissions by approximately 10% over the next three years.

Develop a behaviour change program to encourage staff to adopt work practices that minimise our greenhouse gas emissions.

Explore new technology alternatives to fossil fuels as a means of delivering the mail.

We have been actively managing and reducing our environmental impacts for a number of years and have developed a strong foundation on which to build an environmentally sustainable business. This year, we continued to implement our comprehensive and robust environmental management system and continued to improve on a business-as-usual approach.

Our carbon reduction target

Australia Post has been monitoring and managing its carbon emissions for well over a decade. During this period, we have reduced our annual emissions by approximately 60,000 tonnes of carbon dioxide equivalent (tonnes of CO₂-e).

This year, we undertook a major review of our greenhouse gas emissions in order to predict our 2020 emission levels and to identify all of the opportunities we have to reduce those emissions. The opportunities ranged from energy efficiency initiatives to the introduction of new technology and the implementation of behaviour change programs through to the implementation of major business change. Purchasing accredited offsets is an option that may be considered after all of the potential reduction opportunities have been exhausted.

Having completed the review, our board endorsed a target to reduce greenhouse gas emissions by 25 per cent of the year 2000 emission levels by 2020. Achievement of this target will be reviewed regularly, with progress reports included in each year's CR report.

We also committed to avoiding future emissions by:

- developing a minimum environmental standard for new building construction or renovations

- implementing an employee climate change awareness program
- including an assessment of energy and fuel consumption and carbon emissions in the decision-making process
- considering the introduction of products and services with carbon offset options.

The initial focus is on energy efficiency, new technology (where it is financially viable) and behaviour change, the combined effect of which is expected to deliver significant energy reductions over the coming years.

Environmental management

We use an environmental management system aligned with ISO 14001 to effectively identify, assess, monitor and manage our environmental impacts. Our boundary of responsibility remains focused on our core areas of accountability – our owned and operated facilities, our fleet and our subsidiaries. Areas that are beyond our direct responsibility are still considered within our sphere of influence. Therefore, we assist our licensees, franchisees and mail contractors to improve their own environmental performance.

We remain committed to achieving high standards of compliance, aiming for zero significant environmental incidents. In the reporting period, we experienced two minor fuel spills resulting from the rupturing of two truck fuel tanks while on the road. In both cases, the local fire brigade assisted in the cleanup, with no resultant contamination. These minor incidents were not attributed to non-compliance with environmental laws or regulations.



Adrian Price, from Australia Post's transport fleet, recently participated in the vehicle testing program.

DRIVING TOWARDS A SUSTAINABLE FUTURE

ENVIRONMENTAL DRIVER TRAINING

During the year, we undertook vehicle testing at the Australian Automotive Research Centre at Anglesea, and the results indicated that the promotion of efficient driving presents a clear opportunity for fuel reduction. The technical testing, which was conducted in conjunction with the vehicle manufacturers, focused on the impact on fuel efficiency of aerodynamic devices, tyre pressure, driving style and mass.

As a result, an Environmental Driver Training program has been developed to cover issues such as harsh braking, engine over-revving, idling and economical driving. The pilot program involves 60 drivers of heavy rigid vehicles (large trucks), who will be assessed before training (to capture their current levels of fuel consumption) and then again once the training has been completed (to measure the effectiveness of the program). Due to the success of the pilot, it will now be rolled out across our fleet, beginning with our small and large trucks.

Monitoring and reporting our performance

Our reporting methods continue to evolve in response to government requirements and the needs of our business and stakeholders. We view reporting as a key component of our continuing success and consider transparency, consistency and accuracy the core values of our reporting programs. Monitoring and reporting are carried out in line with the Greenhouse Gas Protocol (the international standard for corporate greenhouse reporting) and with national standards defined by the Federal Government in its National Greenhouse Accounts (NGA) Factors.

Australia Post complies with the Federal Government's *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) and *Energy Efficiency Opportunities Act 2006* (the EEO Act). The NGER Act requires us to report on electricity, natural gas and fuel consumption. The EEO Act requires us to identify and report on energy savings opportunities, how we are implementing our EEO obligations and the actions we have taken to reduce our energy consumption.

During 2009–10, we implemented a comprehensive business management software program to improve our methods of measuring and monitoring environmental data, including energy, fuel, water, waste and greenhouse gas emissions. In the future, the SAP Environmental Compliance Module will enable us to integrate carbon reporting with core business reporting.

In the interim period, facility managers can access their energy, fuel and water consumption, their waste volumes and the resulting greenhouse gas emissions from the online tool we launched last year.

Greenhouse gas emissions

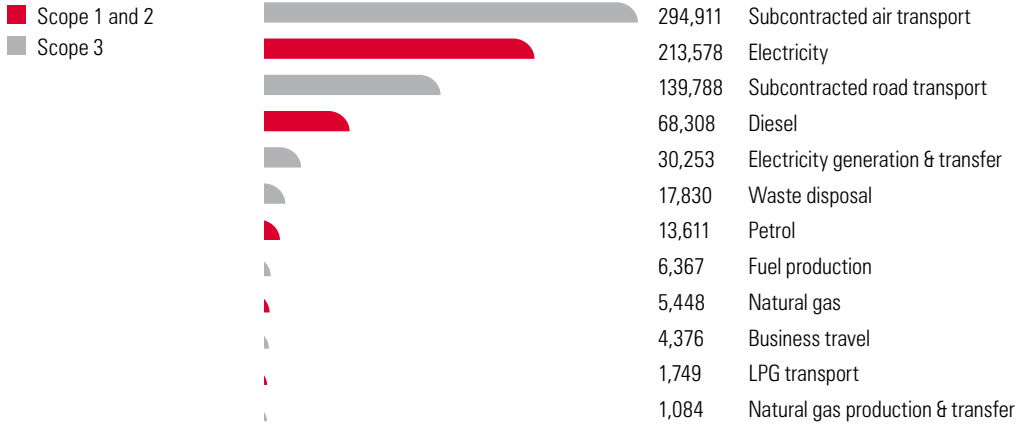
Scope

Our scope of reporting is consistent with our boundary of responsibility – our owned and operated facilities and fleet. These produce Scope 1 and 2 emissions, Scope 1 being natural gas used by our facilities and fuel used by our fleet, and Scope 2 being the electricity used by our facilities. We also calculate Scope 3 greenhouse gas emissions resulting from our outsourced operations – for example, subcontracted road transport. This aligns to our reporting obligation under the NGER Act.

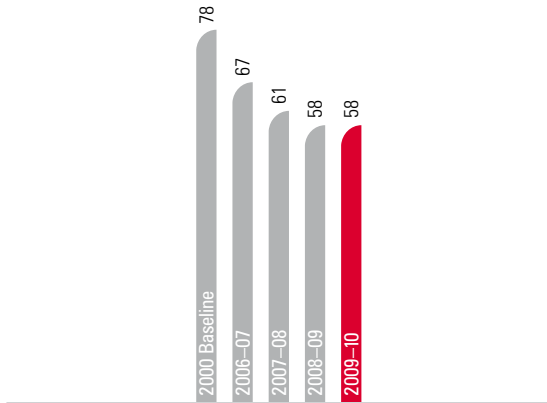
For the 2009 calendar year, our total Scope 1 and 2 emissions were 303,163 tonnes of CO₂-e (Scope 1 – 89,585 tonnes of CO₂-e; Scope 2 – 213,578 tonnes of CO₂-e). Our Scope 3 emissions were 513,388 tonnes of CO₂-e.

Overall, our Scope 1 and 2 emissions increased slightly in 2009. The key indicator that we use to measure our performance is tonnes of CO₂-e per million dollars of operating cost. Despite a small increase in emissions and in operating cost, our key indicator has remained at 58 tonnes of CO₂-e per million dollars of operating cost. This was a good result given that this year's focus was on the development of our new Carbon Reduction Strategy and our 25 per cent reduction target. The focus next year will be on establishing the programs that will deliver the 2020 target while still ensuring that we fulfil our community service obligation to deliver a reliable, efficient and accessible letters service to all areas of Australia.

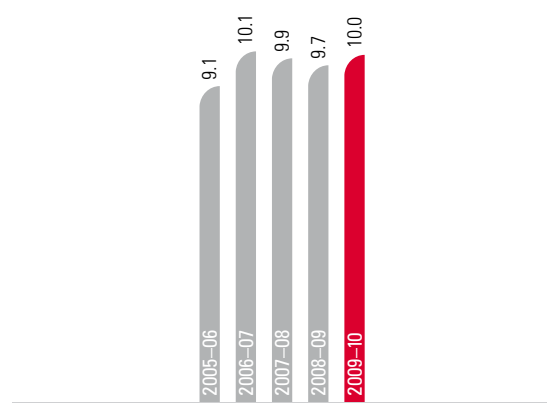
Scope 1, 2 and 3 greenhouse gas emissions (tonnes) by source



Greenhouse gas emissions (CO₂-e tonnes) per \$ million of operating cost



Greenhouse gas emissions (CO₂-e tonnes) per full-time employee



Greenhouse gas emissions (tonnes) – by source

	Emission source	2000 Baseline	2006	2007	2008	2009
Scope 1 – Direct emissions	Natural gas	5,503	5,882	5,194	5,587	5,448
	LPG – Non-transport	91	188	603	665	451
	Diesel – non-transport	0	0	0	0	18
	Heating oil	54	53	46	0	0
	Diesel – transport	60,844	69,227	68,336	68,463	68,308
	Petrol	14,555	15,711	15,367	14,504	13,611
	LPG – transport	0	0	14	1,332	1,749
	Total	81,047	91,061	89,560	90,551	89,585
Scope 2 – Indirect emissions	Electricity	212,161	222,256	218,744	211,418	213,578
	Total	212,161	222,256	218,744	211,418	213,578
Scope 1 and 2 – Direct and indirect emissions	Total of all Scope 1 and 2 emissions	293,208	313,317	308,304	301,969	303,163

Notes:

- 1 The emissions factors used to calculate the data in this table were sourced from the Federal Government's national greenhouse accounts workbook.
- 2 The 2008 energy data has been changed from the data reported last year due to a major energy supplier's billing difficulties. Actual figures, received after last year's reporting, have now replaced the supplier's estimates.

Water

Water consumption at Australia Post primarily arises from the use of amenities and air conditioning. A small number of sites use water for washing vehicles and maintaining gardens. We carry out ongoing water consumption monitoring, including detailed site-specific inspections, to understand consumption levels, identify problems and implement improvements as required. During 2009, 323,144 kilolitres of potable water were consumed at our facilities, or 10.6 kilolitres of water per full-time equivalent employee.

Water efficiency initiatives

Last year, we reported on the Dandenong Letters Centre water efficiency program, which included installing a 328,000 litre rainwater tank and a new truck washing system. The system was activated in October 2009, and early indicators are showing a reduction of water consumption at the site of approximately one third.

Heritage management and biodiversity

As the nation's oldest continually operating organisation, we own a number of post offices that are listed as heritage sites. These post offices are usually seen by local communities as the centrepiece of their town. Australia Post recognises its responsibility to care for these heritage places under our control and to identify any properties that may become heritage sites in the future.

Australia Post has a heritage strategy that ensures that Commonwealth heritage values are considered in all aspects of property management, including planning for future works, development and divestment. This strategy meets the requirements of the *Environment Protection and Biodiversity Conservation Act 1999* and has been endorsed by the federal Department of Environment, Water, Heritage and the Arts (DEWHA). As part of this strategy, an assessment of all properties that we own and lease was completed to identify those of our properties that should be added to the Commonwealth Heritage List. As a result of this, 60 post offices have been nominated for inclusion in the Commonwealth Heritage list.

Australia Post allocates funds to support the management of its heritage places, anticipating and identifying risks to Commonwealth heritage values arising from operations. During 2009–10, Australia Post spent \$1.5 million on property maintenance that was specifically related to heritage conservation (\$1.01 million in 2008–09).

Previously, we undertook a survey to determine whether any of our sites were located in or adjacent to protected areas or areas of high biodiversity value. We identified three sites where protected species exist. One of those species, *Acacia pubescens* (a small wattle bush), was extensively damaged as a result of fire at our Sydney West Letters Facility site; however, it is expected to regenerate. To ensure that we continue to practise sound environmental management, we complete an environmental assessment as part of any new property development.

Facilities

Australia Post's operations comprise more than 1,200 owned and leased facilities across Australia, the majority of which are retail outlets. Facilities account for more than 70 per cent of our total Scope 1 and 2 emissions and therefore present the greatest opportunity for emissions reduction. The large majority of our facility emissions (85 per cent) result from providing air conditioning, heating and lighting, with the remaining 15 per cent from mail processing and water heating.

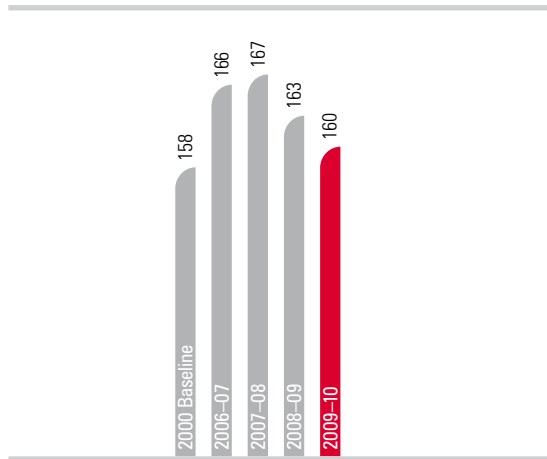
During 2009, the amount of energy consumed in our facilities increased by one per cent, yet our key performance indicator for building energy efficiency – kilograms of CO₂-e emitted per square metre of floor space – still reduced slightly, from 163 to 160.

Facility initiatives

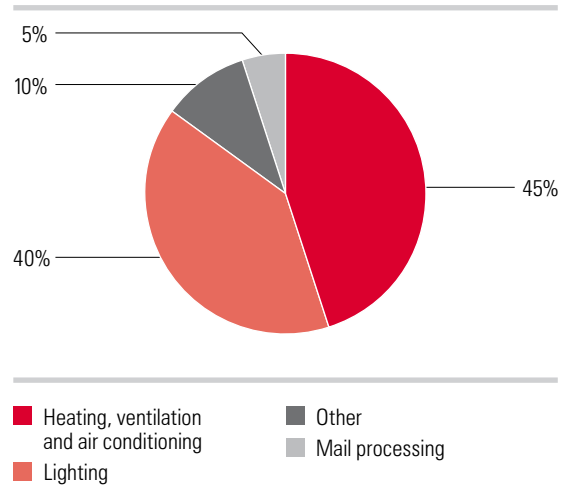
In addition to our energy management plan, during 2009–10 we launched an environmental awareness campaign, which included the distribution of posters focusing on reducing energy, water and waste. The posters were displayed in prominent areas of our offices and outlets to encourage staff to contribute to managing our valuable and limited resources.

This year, we also trialled new lighting technology to improve the energy efficiency of our retail outlets. As most of our retail outlets are located in shopping centres, the primary opportunity for Australia Post to reduce energy use is through installing more efficient lights and lighting controls. We are carrying out a comprehensive trial to determine the most favourable lighting option. Replacement of existing lighting equipment will be undertaken as part of our national retail facility upgrade program.

Building energy efficiency – kg CO₂-e/m² of floor space



Facility energy consumption



Facility energy consumption (gigajoules)					
	2000 Baseline	2006	2007	2008	2009
Electricity	773,566	817,781	814,242	788,721	802,100
Natural gas	106,180	113,556	100,282	108,839	106,140
LPG – non-transport	1,533	3,185	10,157	11,109	7,533
Heating oil	788	762	662	0	0
Diesel – non-transport	0	0	0	0	264
Total	882,067	935,284	925,343	908,669	916,037

Note:
 1 The 2008 energy data has been changed from the data reported last year due to a major energy supplier’s billing difficulties. Actual figures, received after last year’s reporting, have now replaced the supplier’s estimates.

Fleet

At Australia Post, we have one of Australia’s largest transport fleets, with approximately 10,300 vehicles. These vehicles are used primarily for the collection and delivery of mail and account for approximately 24 per cent of our overall greenhouse gas emissions.

This year, we reduced our consumption of fuel for transport by 171,306 litres to 32,132,662 (32,303,968 litres in 2008). Consequently, we also reduced our greenhouse gas emissions from fuel consumption by 631 tonnes CO₂-e.

Composition of vehicle fleet								
Vehicle type	Fuel type	Number of vehicles	Average age	Percentage of vehicles EURO 4–5	Litres	Gigajoules	Kilometres travelled	Efficiency (litres/100 km)
Motorcycle	Petrol	7,262	1.8	0	3,194,560	109,254	60,368,051	5.29
Sedan/wagon	Petrol/LPG/diesel	970	2.8	0	2,982,364	93,261	24,985,658	11.94
Mail van	Diesel/petrol	1,171	4.7	39	3,817,028	147,272	30,973,429	12.32
Miscellaneous	Petrol/LPG/diesel	289	5.7	0	719,543	24,986	5,974,692	12.04
Small truck	Diesel	97	4.5	20	718,954	27,745	3,075,665	23.38
Large truck	Diesel	377	3.6	44	7,865,496	303,608	25,474,471	30.88
Prime mover	Diesel	139	3.9	32	12,834,717	495,420	24,970,290	51.40
Total Fleet	Various	10,305	3.9	7	32,132,662	1,201,546	175,822,256	18.28

Fleet initiatives

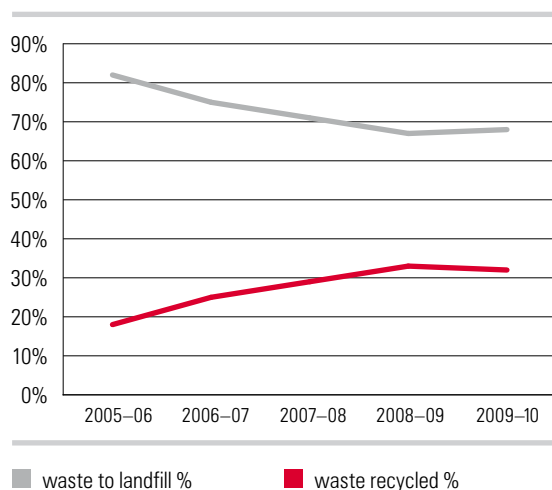
We have a major focus on improving fleet efficiency – an initiative that has spanned many years. We have a team of dedicated fleet efficiency experts who work to evaluate opportunities and deliver innovative solutions. We are continuing to renew our fleet with improved engine technology, and 37 per cent of our heavy vehicles are now either Euro 4 or Euro 5 compliant.

During the year, we developed an Environmental Driver Training course (see page 27) and began trialling and using non-motorised and motor-assisted walk buggies. The buggies will ultimately replace the motorcycles used on inner-city delivery rounds.

Greenhouse gas emissions (tonnes) – by source

	Emission source	2000 Baseline	2006	2007	2008	2009
Scope 3 – Other indirect emissions	Electricity generation and transfer	30,281	33,393	30,477	28,080	30,253
	Natural gas production and transfer	1,587	1,825	1,434	1,179	1,084
	Fuel production	8,170	9,326	9,365	6,412	6,367
	Subcontracted road transport	not available	not available	not available	122,897	139,788
	Subcontracted rail transport	not available	not available	not available	414	684
	Subcontracted air transport	not available	not available	not available	325,511	294,911
	Subcontracted ship transport	not available	not available	not available	70	64
	Business travel	not available	not available	not available	13,814	4,376
	LPOs electricity consumption	not available	not available	not available	13,932	18,031
	Waste disposal	29,031	12,482	22,510	20,243	17,830
Total		69,070	57,027	63,786	532,552	513,388

Waste disposed to landfill or recycled



Waste

The provision of adequate and appropriate waste and recycling facilities at all Australia Post sites is controlled by a corporation-wide waste management program. The program is focused on increasing diversion of waste from landfill achieved by expanding recycling collections at sites and raising staff awareness.

In 2009, we sent 160,997 cubic metres of general waste to landfill and 77,006 cubic metres of waste for recycling. This indicates that we are currently recycling 32 per cent of all of our non-hazardous waste.

Wastes such as printer cartridges, tyres, computers, used batteries and lights are all recycled through specific programs, some of them community based (see page 17).

Waste reduction initiatives

During the year, waste audits were completed at a number of key facilities to evaluate local waste practices. The audits revealed that improvements could be made to recycling rates through an education program. In response to the findings, our existing education program was enhanced and initiated with a pilot, which so far indicates that improvements will occur.

Non-hazardous waste (cubic metres)

	Disposal stream	2006	2007	2008	2009
Cardboard	Recycled	40,360	48,226	60,583	63,996
Commingled	Recycled	145	310	422	888
General waste	Landfill	150,024	148,092	148,849	160,997
Paper	Recycled	8,297	10,553	11,037	12,122
Total		198,826	207,181	220,891	238,003

INDEX OF GRI CONTENT

● **Full coverage:** we have addressed all elements required for this indicator against the GRI sustainability reporting framework.

● **Partial coverage:** we have addressed some, but not all, of the elements required for this indicator against the GRI sustainability reporting framework.

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ASSURANCE



Quality assurance

Australia Post commissioned Halcrow Pacific Pty Ltd (Halcrow) to provide it with external quality assurance on its second Corporate Responsibility Report 2009–10 (CR report). Halcrow based this quality assurance assignment on the Global Reporting Initiative (GRI) sustainability reporting principles and best practice reporting. Halcrow has not assured underlying data or systems that supported the preparation of the CR report.

Key conclusions

Halcrow considers that Australia Post has clearly and consistently reported against a series of key corporate responsibility measures and targets in a well structured report. Australia Post's internal audit of the CR report has strongly supported accurate and transparent reporting.

Halcrow recommends that Australia Post continue to review and engage with stakeholders to confirm material corporate responsibility topics. Further, Halcrow recommends that Australia Post develop and report against a broad suite of corporate responsibility targets for all material topics.

In the future, to improve reporting coverage, readability and navigation, Halcrow recommends that Australia Post report in more depth via the internet while retaining a shorter concise CR report to maximise communication opportunities with stakeholders.

Halcrow has also performed a "Third Party Check" of the GRI Application Level and confirms that Australia Post has achieved a GRI "B Application Level" through this CR report.

Our opinion

Halcrow considers that Australia Post's CR report provides an appropriate and balanced representation of its response to, and performance on, corporate responsibility. Halcrow has also prepared a detailed quality assurance statement and commentary for Australia Post.

Halcrow Pacific Pty Ltd

Phil Hughes

Principal Consultant: Sustainability & Water Management

August 2010

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neutral



elemental
chlorine
free



ISO
14001
certified



processed
chlorine
free



recycled



sustainable
forest

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AUSTRALIA POST
CORPORATE RESPONSIBILITY REPORT
2009–10

Awards, acknowledgements and benchmarking



Overall National Diversity and Inclusion Champions Award – in the Large Organisation category (October 2009).
www.diversityatwork.com.au



Recognised Australia Post as the “most improved organisation” over a one-year timeframe in the “State of CSR” Annual Review 2009 (February 2010).
www.accsr.com.au



Scored above average in their Environmental Monitoring Management System survey (2009).
www.ipc.be



Named as a finalist in the Corporate Social Responsibility category for our adoption of an enterprise-wide corporate responsibility strategy, as well as the release of our first stand-alone CR report (June 2009).
www.mailawards.com

Global sustainability initiatives

Australia Post is proud to be an active supporter of leading international initiatives in sustainability and community investment.



This report is based on the GRI's G3 Sustainability Reporting Guidelines.
www.globalreporting.org



Signatory since 2010.
www.unglobalcompact.org
www.thehub.ethics.org.au/ungc



Supporter since 2007.
www.earthhour.org



Member since 2009.
www.lbg-australia.com