



# National Packaging Covenant

Australia Post Annual Report 2007 - 2008

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# 1 Managing Director endorsement

I am pleased to present Australia Post's National Packaging Covenant Annual Report (2007/08) on its performance against the Action Plan submitted for years 2005–08. This document provides a detailed plan outlining the extensive actions that Australia Post is committed to, the actual activity undertaken in 2007/08, as well as KPI data on the environmental performance of Australia Post, concerning its packaging related activities.

With almost 4 500 postal outlets, Australia Post is Australia's largest retailer and financial services provider, and is committed to protecting the environment in the course of providing these services.

We have a long-term commitment to reducing the environmental impact of our packaging materials dating back to 2002 when we submitted our first packaging action plan. Since that time we have implemented our commitment to reduce both the materials we use in the packaging and distribution of our products as well as in the packaging products we sell, such as our PostPak range of products.

Australia Post will continue its long association with the National Packaging Covenant through the submission of our updated action plan, covering the period 2005–2010.

Graeme John AO  
Managing Director

## 2 Executive summary

Australia Post continued the successful implementation of its National Packaging Covenant Action Plan 2005–08 in Year Three of the Covenant.

Australia Post's key results and achievements during 2007/08 were:

- The average per cent of recycled content in Australia Post packaging was 42%.
- The average per cent of packaging that was recyclable was 93%.
- A product to packaging ratio of 35.6:1, which is a great outcome and reflects the fact that a large number of Australia Post products are sold without any primary packaging at all.
- The total quantity of non-recyclable Australia Post packaging sold into the Australian market was just 544 tonnes, or 7% of our total packaging.
- Total Australia Post packaging sold into the Australian market was 7 689 tonnes, with 7 143 tonnes of this being recyclable.
- An increase in the quantity of Australia Post packaging recycled and a subsequent decrease in packaging sent to landfill, from 2006 to 2007.
- An assessment of opportunities to reduce in-store packaging use, which determined that the use of in-store packaging within Australia Post's retail outlets is generally efficient. Some opportunities were identified including:
  - the increased use of reusable shelf packs in preference to single-use shelf packs
  - more efficient allocation of promotional display stands to stores
  - the increased use of wooden dump bins in preference to disposable cardboard dump bins
- A submission to the National Packaging Covenant seeking direction on the use of degradable plastic in packaging applications and a range of issues relating to plastic film, including developments in plastic film recycling.
- The continued roll out of recycling collection facilities (bins), instructional signage and awareness campaigns.
- The upgrade of the Packaging Environmental Database (in MS Excel form) to an Access database format to increase the ease and functionality of KPI data reporting.

## 3 Introduction

### 3.1 Purpose of document

The National Packaging Covenant (NPC or Covenant) is the voluntary component of a co-regulatory arrangement for managing the environmental impacts of consumer packaging in Australia. It is based on the principles of shared responsibility through product stewardship and delivered through the collaborative approach between key sectors of the packaging supply chain and all spheres of government.

Australia Post is a willing signatory to the Covenant as it provides an effective means to achieve significant gains in reducing the packaging related environmental impacts of Australia Post's business activities.

This document is the third and final annual report (for the 2007/08 year) against the Australia Post NPC action plan 2005–08. The Action Plan covers the period of July 2005 to June 2008, and details how Australia Post will fulfill its responsibilities under the Covenant.

Australia Post will submit an updated NPC action plan for the period July 2005 to June 2010 to the NPC Council.

### 3.2 Company profile

Australia Post is a government business enterprise (GBE) operating under the Australian Postal Corporation Act 1989. We are a self-funding business that uses our assets and resources in order to earn profits, which can be reinvested in the business or returned as dividends to our shareholder, the Commonwealth Government.

Australia Post's origins can be traced back to 1809, when former convict Isaac Nichols was appointed as the nation's first postmaster and opened a post office in his home in George Street, Sydney. Our formal commercial origins lie in the first postal act of 1825, which enabled the New South Wales governor to fix postage rates and appoint postmasters outside of Sydney.

Under the Australian Postal Corporation Act 1989, we became a GBE with a board of directors and a charter to operate commercially while meeting a number of community service obligations.

Australia Post's products and services are across three core business areas:

- 1 Letters;
- 2 Retail and agency services; and
- 3 Parcels and logistics.

Our retail product sales into the Australian market are the primary aspect of our business activities that relate to the Covenant. Significant retail products include:

- Envelopes
- Stamps
- Padded bags
- Tough bags
- Mailing tubes

- Mailing boxes
- Parcel Post and Express Post satchels
- Post brand-owned products.

A full list of Australia Post's brand-owned products is provided in Appendix A.

A significant part of Australia Post's business activity involves providing packaging product lines, such as envelopes, mailing boxes, etc., into the market, i.e. Australia Post sells packaging as a product.

For the purposes of its Covenant related activities and this Action Plan, Australia Post defines all postal packages sold as *primary packaging*, regardless of the fact that they are actually the purchased product rather than a form of packaging. This is a practical position relating to the consumption of these packaging materials; if Australia Post did not include these packaging items within the scope of their NPC Action Plan then they would not be captured under the Covenant.

The packaging products sold by Australia Post are a significant form of packaging and it is recognised that their inclusion under the Covenant is a desirable outcome.

Both packaging in its true sense and the postal packaging products sold by Australia Post will be aggregated and described as *primary packaging* throughout this annual report (with the exception of KPI 1C ratio of product to packaging).

### 3.3 Location in packaging chain

With regard to the NPC, Australia Post occupies a *retailer* or *brand owner* position in the packaging chain. The *Australia Post* brand name is the only brand name owned by Australia Post, and is clearly branded on the relevant Australia Post retail products. In other circumstances, Australia Post is the importer of goods sold exclusively through Australia Post outlets, and is therefore classified as the brand owner of these products.

### 3.4 Size of company

Revenue:	\$347 million in retail activity relevant to the National Packaging Covenant during the 2007/08 financial year
Total Revenue:	\$4 959 million during the 2007/08 financial year
Employees:	34 752 full-time and part-time staff

The Australia Post contribution to the Transitional Arrangements fund was \$9 900 for the 2008/09 financial year.

### 3.5 Facility locations

Australia Post operates approximately 1 200 sites nationally, of which approximately 800 are corporate retail outlets. Another 3 600 Australia Post Licensee sites operate nationally, which are not directly controlled by Australia Post. All products for which Australia Post is the brand-owner are covered by this annual report, regardless of the ownership of the retail outlet. Data in this annual report relating to waste to landfill and recycling is for Australia Post owned facilities only.

## 3.6 Appointed Covenant Officer

For further information regarding this National Packaging Covenant Action Plan or any other National Packaging Covenant related matters please contact:

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The Australia Post Covenant Officer is also responsible for implementation of this Action Plan and reporting on its progress.

## 4 Action Plan reporting

Information in the table below provides a detailed account of Australia Post's progress against Actions between 1 July 2007 and 30 June 2008.

Action	Performance Measure	KPI	Year	Progress
<b>Product Stewardship Area: Design</b>				
Action 1. Develop and adopt Australia Post <i>Packaging Design Guidelines (PDG)</i> which incorporate the requirements of the Environmental Code of Practice for Packaging (ECoPP).	Draft <i>PDG</i> developed by June 2006. <i>PDG</i> finalised and adopted by July 2006.	KPI 22	Year 1	<b>Action 1 – Complete</b> The PDG, incorporating the requirements of the Environmental Code of Practice for Packaging (ECoPP), have been implemented throughout Australia Post during 2007/08. Product managers have received training in the purpose and use of the PDG. The PDG is particularly useful for new product managers in building their knowledge of environmental considerations in packaging design.
Action 2. Apply Australia Post PDG to new packaging products.	Document the application of the PDG to new packages in Annual Reports to the NPC.	KPI 3	Years 2-3	<b>Action 2 – Ongoing</b> The PDG will be applied to any new packaging products.
Action 3. Retrospectively review significant current packages against new PDG, and identify and implement opportunities to improve.	Assess top packaging products, prioritised by sales quantity (kg), against PDG, with two retrospection assessments undertaken per year.	KPI 3	Years 2-3	<b>Action 3 – Ongoing</b> Product managers and packaging manufacturers will review packaging against the PDG as part of the broader packaging review process, such as when product information or graphic design elements of the packaging require change, or when changing suppliers. Changing the specifications for packaging production is very costly, particularly for Australia Post's postal packaging range. The opportunity to alter packaging design usually arises once every few years.  A review of the POSTpak® is likely to occur within the 2009-10 financial year, which will provide the opportunity to adopt these recommendations.

Action	Performance Measure	KPI	Year	Progress
Action 4. Encourage suppliers to optimise recyclability of all new packages, in line with the ECoPP.	Develop and incorporate appropriate contractual clauses into relevant supply agreements, as contracts are renewed.	KPIs 3 & 4	Years 2-3	<p><b>Action 4 – Ongoing</b></p> <p>Australia Post continues to communicate an expectation to suppliers that they identify and implement opportunities to optimise recycled content and recyclability of all new packages and minimise the environmental impact of packaging.</p> <p>Australia Post has good working relationships with its suppliers and both parties contribute ideas to reduce the environmental impacts of packaging.</p> <p>It is common practice for Australia Post’s supply tenders to include environmental criteria. Australia Post is investigating the potential to strengthen this practice by the inclusion of environmental clauses into relevant supply agreements.</p>
Action 5. Undertake Life Cycle Analysis (LCA) on packages with high sales volume and low recyclability to identify improved material selection options.	Undertake LCAs on packaging products with low recyclability, prioritised by sales quantity (kg), with one LCA undertaken per year.	KPI 3	Years 2-3	<p><b>Action 5 – In progress</b></p> <p>Australia Post is currently completing two LCAs on items used in the mail delivery process. The first LCA is on the fluted polypropylene mail tray, used by Australia Post for internal mail transfers and for delivery of mail to businesses. The second LCA is on prepaid LDPE mail satchels, used for regular and Express Post products.</p> <p>Both LCAs will support the development of an Excel based calculator, that will be used by Australia Post to identify the most cost-effective and practical approach to minimising the environmental impacts of these Australia Post packaging items.</p>
Action 6. Implement a NPC Task Group.	Form ongoing NPC Task Group	N/A	Year 1	<p><b>Action 6 – Ongoing</b></p> <p>The Australia Post Packaging Working Group, currently consisting of key product managers, continues to be active in implementing Australia Post’s Covenant commitments.</p> <p>The environment team at Australia Post provides one-on-one assistance to product managers to implement the outcomes of Covenant projects e.g. the environmental labelling assessment outlined in Action 23.</p>

Action	Performance Measure	KPI	Year	Progress
<b>Product Stewardship Area: Production</b>				
Action 7. Monitor the number of packaging suppliers who are signatories to the NPC.	Suppliers contacted in July of each year to request NPC signatory status.	N/A	Years 1-3	<b>Action 7 – Complete for 2007/08</b> Australia Post continues to monitor the NPC status of significant suppliers. Refer to Table B-1 in Appendix B for a list of Australia Post’s significant suppliers and their NPC status, as listed on the NPC website.
Action 8. Educate staff in the usage of reuse and recycling systems.	New training package developed and distributed to key staff by June 2007.	KPI 21	Year 2	<b>Action 8 – Ongoing</b> Australia Post continued the roll out of its recycling initiative to the Adelaide Mail Centre, Ardeer Parcel Centre, Chullora Parcel Centre and the Clyde Inter Mail Centre, with the implementation of colour coded recycling collection facilities (bins), instructional signage and an awareness campaign.
<b>Product Stewardship Area: Distribution</b>				
Action 9. Assess and implement opportunities for use of closed loop distribution packaging opportunities (i.e. move from cardboard boxes to plastic cases), improving distribution packaging material efficiency and reuse, and recycling of distribution packaging.	Assessment conducted on in-house packaging follows with potential ‘closed loop’ opportunities identified.	KPI 3	Year 2	<b>Action 9 – Complete</b> An assessment undertaken during 2007/08 identified limited additional potential for the use of closed loop distribution packaging. Australia Post currently uses reusable mail sacks and polypropylene trays for the collection and distribution of mail and parcels. This practice is avoiding substantial volumes of materials use and disposal compared to single-use distribution packaging. A life cycle assessment is currently being conducted on the mail trays, to further increase the positive environmental impacts arising from the use of reusable distribution packaging. The majority of Australia Post’s retail products are distributed in cardboard packaging. This packaging is frequently reused at store level for the return of goods or mail to the distribution centre, and in turn used by the distribution centre for the packaging of goods to the stores. The cardboard packaging is reused until the end of its life. Alternatively, most cardboard packaging is recycled.

Action	Performance Measure	KPI	Year	Progress
Action 10. Provide distribution and retail outlets with information and resources on the reuse and recycling of cardboard cartons.	Staff educational package developed and distributed.	KPI 21	Year 2	<p><b>Action 10 – Ongoing</b></p> <p>Australia Post is producing another edition in their series of sustainability publications titled Footprints. Footprints is distributed to all 35 000 plus Australia Post staff and contractors in hard copy. A publication on resource consumption and waste management is currently in development.</p>
Action 11. Recover cardboard at all distribution centres, and all retail outlets where not constrained by location (e.g. located within a shopping centre).	Proportion (%) of Australia Post sites with a cardboard collection.	KPI 16	Year 1-3	<p><b>Action 11 – Ongoing</b></p> <p>28.3% of total Australia Post sites have cardboard recycling collection. The implementation of cardboard recovery at distribution and retail outlets, where required and not constrained by location, continues to be rolled-out as practicable.</p> <p>Australia Post’s mail distribution centres do not typically require cardboard recycling facilities because cardboard waste is not generated at these centres. These centres use reusable polypropylene trays for mail distribution.</p> <p>Many of the Australia Post retail outlets located within shopping centres or buildings would not have Post–managed cardboard recycling facilities, but would have access to centrally provided cardboard recycling through the centre or building management.</p> <p>Waste and recycling audits undertaken in 2007 revealed that four of Australia Post’s logistics sites audited all have cardboard recycling facilities and do recycle significant quantities of cardboard.</p> <p>Refer to Section 5.6 (KPI 16) for a breakdown of recycling collections at Australia Post facilities.</p>

Action	Performance Measure	KPI	Year	Progress
<b>Product Stewardship Area: Disposal</b>				
Action 12. Wherever possible increase the proportion of primary packaging that is recyclable through current kerbside recycling systems through application of the ECoPP.	Proportion of primary packaging that is recyclable through current kerbside recycling systems increases.	KPI 6	Years 1-3	<p><b>Action 12 – Ongoing</b></p> <p>Australia Post is developing a new postal packaging product, which will utilise recycled, shredded newspaper for padding as a substitute for LDPE bubble wrap. This product will be fully recyclable through kerbside recycling systems. The newspaper, with a very high proportion of recycled content, replaces bubble wrap manufactured from LDPE with approximately 50% recycled content.</p> <p>Refer to Section 5.5 (KPI 6) for a breakdown of the proportion of recyclable and non-recyclable packaging sold by Australia Post.</p>
Action 13. Review propensity of packaging to enter the litter stream.	Assessment of littering propensity of packaging undertaken through Packaging Design Guidelines.	KPI 3	Years 2-3	<p><b>Action 13 – Complete</b></p> <p>The assessment of litter propensity of packaging is undertaken through the application of the Packaging Design Guidelines.</p> <p>Australia Post believes that none of our products have a high propensity to become litter and that none of our products have a high presence in the litter stream.</p>
<b>Product Stewardship Area: Research</b>				
Action 14. Develop co-ordinated database on packaging use, to provide robust data for ongoing NPC reporting requirements, and to support waste minimisation activities. This will incorporate waste and recycling quantities based upon waste service provider data and sample audits, and weight of sales of packaging into the market.	<p>1. <i>Packaging Environmental Database</i> developed by December 2006.</p> <p>2. <i>Packaging Environmental Database</i> operational and maintained from December 2006.</p>	KPIs 1, 6, 16, 21,	<p>1. Year 1</p> <p>2. Years 2-3</p>	<p><b>Action 14 – Complete</b></p> <p>Australia Post has developed and maintains an Australia Post Environmental Management System database (in MS Access format) which manages waste and recycling data across Australia Post.</p> <p>Australia Post upgraded the Packaging Environmental Database (in MS Excel form) to an Access database format to increase the ease and functionality of KPI data reporting. This database centralises data on all packaging products and enables the reporting of NPC KPI data.</p> <p>In parallel with this system upgrade, Australia Post undertook a major review and update of the product and packaging data within the database. This review has significantly improved the integrity of the data upon which Australia Post's KPI 1 and 6 reporting is based.</p>

Action	Performance Measure	KPI	Year	Progress
Action 15. Assess emerging packaging materials for improved environmental performance and recyclability.	Contact Sustainable Packaging Alliance (SPA) annually to request latest available data on emerging packaging materials.	KPI 3	Years 2-3	<b>Action 15 – Ongoing</b> Australia Post maintains its knowledge of packaging trends primarily through subscriptions to publications (printed and online) and attendance at events (such as Enviro 08).
Action 16. Communicate to the NPCC the R&D needs of Australia Post, and then utilise outcomes within Australia Post.	Australia Post to develop a short submission to the NPCC stating the key areas of packaging research of relevance to Australia Post.	N/A	Year 2	<b>Action 16 – Complete</b> A submission outlining key areas of packaging research of relevance to Australia Post has been submitted to the Covenant. This submission sought direction from the Covenant on the use of degradable plastic in packaging applications and a range of issues relating to plastic film, including developments in plastic film recycling.  Australia Post believes that these are issues of significance to all members of the packaging supply chain, and as such is proposing that the National Packaging Covenant adopt a collective approach to addressing these issues on behalf of signatories.

Action	Performance Measure	KPI	Year	Progress
<b>Product Stewardship Area: Market Development</b>				
Action 17. Maintain Buy Recycled Business Alliance (BRBA) membership.	BRBA membership maintained.	KPI 26	Years 1-3	<b>Action 17 – Complete for 2007/08</b> Australia Post maintained BRBA membership during 2007/08. During 2007/08, Australia Post submitted the details of a selection of postal packaging products to be published in the Recycled Product Directory. Australia Post also supported the BRBA in the launch of the directory by attending the launch and providing product displays.
Action 18. Develop and adopt a 'Buy Recycled' purchasing practice.	Buy Recycled purchasing practices guideline developed and adopted.	KPI 26	Year 2	<b>Action 18 – In progress</b> Australia Post is currently developing a corporate responsibility strategy, which has "ethical sourcing" as one of its key pillars. This strategy will incorporate and build upon the requirements of the Buy Recycled purchasing policy. As part of this process, a review of procurement will be undertaken and sustainability criteria will be fully integrated into procurement practices. These criteria will address the full range of sustainability principles including recycled content, recyclability and energy and water consumption.
Action 19. Develop and implement a 'Buy Recycled' purchasing program, incorporating purchasing practices (including contractual clauses) to incorporate consideration of the recycled content of packaging materials.	'Buy Recycled' purchasing program implemented.	KPI 26	Year 3	This Action will be reported against in Years 4 and 5 (2008/09 and 2009/10) of the Covenant, following the completion of Australia Post's sustainability strategy.
<b>Product Stewardship Area: Education</b>				

Action	Performance Measure	KPI	Year	Progress
Action 20. Allocate budget/resources to educating key staff in NPC activities.	Internal training in NPC activities undertaken.	N/A	Years 2-3	<p><b>Action 20 – Ongoing</b></p> <p>Key staff in NPC activities are the product managers who participate in the Australia Post Packaging Working Group. These staff have received training in the application of the Packaging Design Guidelines.</p> <p>Training across Australia Post continues to be carried out on an as needed basis, for example, the training provided to support the installation of the new recycling collection facilities at a number of sites (as reported against Action 8).</p>
Action 21. Produce information release for all staff on Australia Post related activities.	Distribute information releases on NPC related activities following development of Annual Reports.	N/A	Years 2-3	<p><b>Action 21 – In progress</b></p> <p>NPC related activities and achievements are communicated to staff and other key stakeholders within the Corporate Sustainability section of the Australia Post Annual Report.</p>
Action 22. Use website to provide detailed reporting on Australia Post environmental performance, including NPC reports.	Australia Post website modified to provide environmental reports.	N/A	Years 2-3	<p><b>Action 22 – Complete</b></p> <p>Copies of Australia Post NPC Action Plan and Annual Reports can be found on our website at the following address:</p> <p><a href="http://www.auspost.com.au/BCP/0,1080,CH3957%257EMO19,00.html">http://www.auspost.com.au/BCP/0,1080,CH3957%257EMO19,00.html</a></p>

Action	Performance Measure	KPI	Year	Progress
<b>Product Stewardship Area: Labelling</b>				
Action 23. Assess all packaging to ensure that environmental labelling on products is consistent with the ECoPP (Consumer Information), and where necessary meet the requirements of AS/NZS 14021 – Self declared environmental claims. Ensure primary packaging has correct messages, Australia Post brand 100% by end 2006.	Australia Post packaging has correct messages by end 2006.	KPI 3	Year 2	<p><b>Action 23 – Ongoing</b></p> <p>A comprehensive assessment of environmental labelling on Australia Post products was undertaken during 2006/07, with all labelling issues identified and communicated to Australia Post product managers for adoption, with the support of Australia Post’s environment team.</p> <p>The assessment identified that a small number of claims of recycled content are inaccurate, unclear or cannot be verified and many opportunities for environmental claims to be included.</p> <p>As outlined previously (reported against Action 3) the opportunity to alter packaging design may only arise once every few years, when a broad review of packaging design is undertaken or when changing supplier. Changing the specifications for packaging production is very costly, particularly for Australia Post’s postal packaging range. Product managers will therefore adopt the recommendations of the assessment at a time in the future when packaging design is undergoing change.</p> <p>A review of the POSTpak® range is likely to occur within the 2008-09 financial year, which will provide the opportunity to adopt these recommendations.</p>
<b>Product Stewardship Area: Wholesaling and Retailing</b>				
Action 24. Eliminate unnecessary in-store packaging (e.g. shelf packs) where feasible.	Case studies of in-store packaging assessments and reductions.	KPI 3	Years 2-3	<p><b>Action 24 – Complete</b></p> <p>An assessment was undertaken in March 2008 to identify opportunities to reduce in-store packaging use in retail outlets. Two Australia Post stores were visited; the use of promotional display stands, shelf packs, dump bins, display materials, and display cabinets was reviewed. It was determined that the use of in-store packaging is generally efficient. The recommendations from the assessment have been communicated to the stores and relevant retail staff within Australia Post for adoption. Opportunities identified include:</p> <ul style="list-style-type: none"> <li>- increased use of reusable shelf packs in preference to single-use shelf packs</li> <li>- more efficient allocation of promotional display stands to stores</li> <li>- increased use of wooden dump bins in preference to disposable cardboard bins</li> </ul>

Action	Performance Measure	KPI	Year	Progress
<b>Product Stewardship Area: Recycling and Reprocessing</b>				
Action 25. Support recycling industry by purchasing recycled content packaging materials.	Case studies of Australia Post purchases of recycled content product.	KPI 26	Years 1-3	<b>Action 25 – Ongoing</b> Australia Post's product range contains high levels of recycled content, and Post continues to actively seek products made from locally sourced recycled materials.
Action 26. Provide internal recycling collections at Australia Post sites for Australia Post generated packaging, wherever feasible.	Proportion of sites with paper and cardboard recycling.	KPI 16	Years 1-3	<b>Action 26 – Ongoing</b> Refer to Section 5.6 (KPI 16) for a breakdown of recycling collections at Australia Post facilities.
<b>General Product Stewardship Actions</b>				
Action 27. Establish baseline performance data for the following quantitative KPIs: a) weight of packaging and product sold per annum (KPI 1) b) weight of non-recyclable packaging sold per annum (KPI 6) c) weight of packaging sent to recycling and landfill from facilities (KPI 21)	1. Establish indicative baseline data by November 2005. 2. Establish robust baseline data by October 2006.	KPI 27	1. Year 1 2. Year 1	<b>Action 27 – Completed during 2005/06</b>

Action	Performance Measure	KPI	Year	Progress
Action 28. Undertake audits of waste to landfill and recycling at a representative sample of key distribution centres and retail outlets to fulfil NPC reporting requirements, and support product and packaging loss assessments.	Undertake annual waste (to landfill) and recycling audits at a representative sample of distribution centres and retail outlets.	KPI 21	Years 2-3	<b>Action 28 – Completed during 2006/07</b>
Action 29. Develop a <i>Waste Management Plan (WMP)</i> , incorporating outcomes of audits.	WMP developed and implemented.	KPI 3 & 4	Year 2	<b>Action 29 – Ongoing</b> Australia Post is implementing a company wide waste management program, in collaboration with its waste and recycling service providers, to provide adequate and appropriate waste and recycling facilities at all Australia Post sites.  For major Australia Post sites, a site specific assessment is undertaken to identify additional waste and recycling services that are required to minimise disposal to landfill and maximise recovery.
Action 30. Develop a comprehensive and robust data collection methodology by June 2006, which fulfils the requirements for quantitative KPI reporting under the Covenant (i.e. for KPIs 1, 6 & 21).	Robust KPI data available for reporting annually.	KPI 28	Years 1-3	<b>Action 30 – Ongoing</b> The Australia Post Environmental Management System Database and the newly upgraded Packaging Environmental Database enables comprehensive data collection and storage, and the subsequent reporting of NPC KPI data.  The data collection method has been documented and supports the use of the databases.
Action 31. Report annually against this Action Plan.	<i>Annual Reports</i> against this Action Plan submitted by October of each year.	KPI 28	Years 1-3	<b>Action 31 – Complete for 2007/08 through the submission of this Annual Report.</b>

Action	Performance Measure	KPI	Year	Progress
Action 32. Establish <i>targets</i> for KPIs 1, 6 and 21, once robust baseline KPI data available.	KPI targets determined, and published in the first <i>Annual Report</i> against this Action Plan.	KPI 29	Year 1	<b>Action 32 – Complete</b> Australia Post aims to maintain the high levels of recycled content and recyclability of its products, and a high product to packaging ratio. While specific numerical targets for KPIs 1, 6 and 21 are problematic to establish, it is Australia Post’s intent to achieve improvements in these KPIs wherever possible, and for none of the KPIs to worsen from year to year.
Action 33. Demonstrate improvements against Australia Post’s KPI targets and ongoing achievement of the Actions described in this Action Plan.	Action Plan ‘Actions’ and KPI targets achieved.	KPI 29	Years 1-3	<b>Action 33 – Ongoing</b> This Action has been addressed by this Annual Report against the Australia Post NPC Action Plan.

## 5 Company datasets (KPI reporting)

### 5.1 Introduction

The Key Performance Indicators (KPIs) that Australia Post is required to report against to the NPC Council are presented in this section. The KPIs are identified and a description is provided on how the KPI data is gathered, and what records are maintained to track performance against commitments. KPI data is provided for either the 2007/08 financial year (with the exception of KPI 16 data which is for the calendar year 2007).

The Covenant KPIs relevant to Australia Post (as a *brand owner*) are:

- *KPI 1 – Total weight of consumer packaging (domestic & imported) sold per annum into the Australian market and the total weight of products packaged.*
- *KPI 3 – Improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.*
- *KPI 4 – Changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount & type of packaging used.*
- *KPI 6 – Total weight, by type, of “non-recyclable” packaging sold per annum into the Australian market.*
- *KPI 16 – Percentage of signatories providing recycling collection facilities for post-consumer packaging generated on-site.*
- *KPI 21 – Estimated tonnage of consumer packaging recycled and sent to landfill respectively, from on-site collection facilities.*
- *KPI 22 – Number of signatories who have formally adopted the ECoPP and developed systems for its implementation.*
- *KPI 26 – Implementation of Buy Recycled purchasing policy or practices.*
- *KPI 27 – Establishment of baseline performance data.*
- *KPI 28 – Annual reporting against Action Plan.*
- *KPI 29 – Demonstrated improvement and achievements against individual targets & milestones.*

Data in this annual report relating to waste to landfill and recycling is for Australia Post owned and leased facilities only.

During 2007/08 Australia Post upgraded the Packaging Environmental Database (in MS Excel form) to an Access database format, to increase the ease and functionality of data reporting for KPIs 1 and 6. This database centralises data on all packaging products and enables the reporting of data for KPIs 1 and 6.

In parallel with this system upgrade, Australia Post undertook a major review and update of the product and packaging data within the database. This involved comparing previously reported product and packaging weights, reweighing product and packaging and liaising with suppliers to verify packaging materials, material source (local or imported) and proportion of recycled content.

For the first time, Australia Post weighed and reported on the packaging used to contain products that are sold in groups of three or ten. This additional reporting adds approximately 25 tonnes to the total weight of consumer packaging sold per annum into the Australian market.

The quantity of plastic retail carry bags provided to customers has been calculated for the first time, which is approximately 93 tonnes of consumer packaging distributed per annum.

This review has significantly improved the integrity of the data upon which Australia Post's KPI 1 and 6 reporting is based. For this reason, a comparison of KPI performance across years would not be valid, and has therefore not been provided. A comparison in future years would be possible.

## 5.2 KPI 1

### Description

KPI 1 is the *total weight of consumer packaging (domestic & imported) sold per annum into the Australian market and the total weight of products packaged.*

KPI 1 is split into three parts:

- KPI 1A – packaging by material type by source (local or imported) per annum (tonnes).
- KPI 1B – packaged product sold per annum (tonnes).
- KPI 1C – ratio of product to packaging (by weight).

### Data sources

KPI 1 data is generated by multiplying annual unit sales of products by packaging weights (by material) and packaged product weights. Unit sales data are generated by Australia Post's current computerised sales tracking system, and packaging and product weights, and packaging material types, have generally been provided by product managers, and are stored within the Packaging Environmental Database.

The KPI 1 data presented covers the majority of Australia Post brand owned products, as outlined in Appendix A.

### Records

Information and records for this KPI are maintained by the Australia Post appointed Covenant Officer within the Packaging Environmental Database.

## KPI 1 data

Table 5-1 KPI 1 Data (2007/08 financial year)

Material	Packaging (tonnes)		Total packaging (tonnes)
	Local	Imported	
Paper	4 047.75	625.33	4 673.08
Cardboard	1 964.40	301.16	2 265.56
Waxed board	0.00	0.00	0.00
High wet strength board	2.27	0.00	2.27
Glass	0.00	0.00	0.00
Plastic 1 – PET	0.00	0.00	0.00
Plastic 2 – HDPE	0.00	0.00	0.00
Plastic 3 – PVC	0.00	1.81	1.81
Plastic 4 – LDPE/LLDPE	395.59	307.66	703.24
Plastic 5 – PP	22.14	4.87	27.01
Plastic 6 – PS/EPS	0.00	0.37	0.37
Plastic 7 – Other	0.00	6.21	6.21
Aluminium	0.00	0.00	0.00
Steel	0.00	0.00	0.00
Composites	9.51	0.34	9.85
N/A	0.00	0.00	0.00
<b>Total</b>	<b>6 441.66</b>	<b>1 247.73</b>	<b>7 689.40</b>

The update of data:

- Revealed that a greater proportion of Australia Post packaging is sourced locally than previous calculated.
- Enabled Australia Post to currently classify materials that were previously unknown and classified as N/A.

Australia Post's product to packaging ratio is calculated classifying postal packaging products i.e. Express Post satchels, as products rather than packaging. For all other purposes, except for the product to packaging ratio, postal packaging products are classified as packaging. The treatment of postal packaging products as packaging under the product to packaging ratio is consistent with the intention of the ratio to measure packaging efficiency.

Table 5-2 Product to packaging ratio, 2007/08 financial year

Item	Weight (tonnes)
Products	150.46
Postal packaging products	7 438.47

Item	Weight (tonnes)
Packaging	250.92
<b>Total product</b>	<b>8 939.93</b>
<b>Total packaging</b>	<b>250.92</b>
<b>Product to packaging ratio (total product/ total packaging )</b>	<b>35.6</b>

Australia Post's product to packaging ratio of 35.6 is very high compared to other signatories as reported in the National Packaging Covenant 2005–06 Annual Report. This reflects the fact that a large number of Australia Post products are sold without any primary packaging at all.

Note that the above reported ratio KPI 1c is different to that of the automatically calculated ratio in the National Packaging Covenant Industry Data Aggregation System (IDAS). This is because the IDAS does not consider the classification of postal packaging products as products but rather as packaging as they are reported firstly in KPI 1a and 1b.

### 5.3 KPI 3

KPI 3 relates to *improvements in design, manufacture, marketing and distribution to minimise the environmental impacts of packaging.*

Australia Post is developing a new postal packaging product, which will utilise recycled, shredded newspaper for padding as a substitute for LDPE bubble wrap. This product will be fully recyclable through kerbside recycling systems. The newspaper, with a very high proportion of recycled content, replaces bubble wrap manufactured from LDPE with approximately 50% recycled content.

42% of total packaging tonnes utilised by Australia Post is recycled content.

### 5.4 KPI 4

KPI 4 relates to *changes to protection, safety, hygiene, shelf-life or supply chain considerations affecting amount & type of packaging.*

An assessment undertaken during 2007/08 identified substantial current use of reusable distribution packaging, reuse of cardboard distribution packaging. Given these high levels of reusable distribution packaging, the assessment found that there is limited additional potential for the use of closed loop distribution packaging.

Australia Post currently uses reusable mail sacks and polypropylene trays for the collection and distribution of mail and parcels. This practice would be avoiding substantial volumes of materials use and disposal compared to single-use distribution packaging.

The majority of Australia Post's retail products are distributed in cardboard packaging. This packaging is frequently reused at store level for the return of goods or mail to the distribution centre, and in turn used by the distribution centre for the packaging of goods to the stores. The cardboard packaging is reused until the end of its life.

## 5.5 KPI 6

### Description

KPI 6 is the *total weight by material type of “non-recyclable” consumer packaging sold per annum in to the Australian market*. Non-recyclable is defined as packaging products that cannot be reasonably recovered in Australia through existing collection and reprocessing systems.

KPI 6 is split into two parts:

- KPI 6A – non-recyclable packaging sold by material type (tonnes).
- KPI 6B – total non-recyclable packaging sold as a proportion of total packaging sold (%).

### Data sources

See KPI 1 data sources.

### Records

Information and records for this KPI are maintained by the Australia Post appointed Covenant Officer within the Packaging Environmental Database.

### KPI 6 data

**Table 5-3 KPI 6 Data (2007/08 financial year)**

Material	Packaging (tonnes)
Non-recyclable paper	0.00
Non-recyclable cardboard	0.00
Plastic 4 – LDPE/LLDPE	500.39
Plastic 5 – PP	27.01
Plastic 6 – PS/EPS	0.37
Plastic 7 – Other	6.21
Composites	9.85
N/A	0.00
<b>Total non-recyclable</b>	<b>543.82</b>
<b>Total packaging</b>	<b>7 689.40</b>
<b>Non-recyclable as % of total</b>	<b>7.1%</b>

The update of data revealed that Australia Post is using less non-recyclable packaging than previously calculated.

The above data, KPI 6, Plastic 4 – LDPE/LLDPE does not reflect the table in KPI 1. This is due to Australia Post padded bags being a combination of Plastic 4 – LDPE/LLDPE and paper. This combination is considered recyclable through the paper waste stream and therefore is not included in KPI 6 as non-recyclable. Australia Post padded bags have been formally labelled as kerbside recyclable.

## 5.6 KPI 16

### Description

KPI 16 is the *percentage of signatories providing recycling collection facilities for post-consumer packaging generated on-site.*

KPI 16 is split into two parts:

- KPI 16A – whether on-site recycling facilities are provided or not
- KPI 16B – number and types of recycling facilities provided.

### Data sources

KPI 16 data is generated by Australia Post's waste and recycling service providers.

### Records

Information and records for this KPI are maintained by the Australia Post appointed Covenant Officer within the Australia Post Environmental Management System Database.

### KPI 16 data

Australia Post data for KPI 16 is presented in Table 5-4.

**Table 5-4 Number and type of Australia Post sites with dedicated recycling collections (2007)**

Facility type	Site number	No. of sites with dedicated recycling collections		
		Cardboard	Paper	Co-mingled
Retail outlets: Post managed waste facilities	235	101	116	0
Retail outlets: externally managed waste facilities	503	83	171	1
Delivery, logistics, mail processing and administration sites	550	180	324	14
<b>Total sites</b>	<b>1288</b>	<b>364</b>	<b>611</b>	<b>15</b>
<b>Total sites (%)</b>	-	<b>28.3%</b>	<b>47.4%</b>	<b>1.2%</b>

A significant number of Australia Post retail outlets are based in commercial shopping centres where waste management is managed externally from Australia Post. In these circumstances Australia Post generally has limited opportunity to introduce new recycling collections.

The number of sites with recycling collections over the period 2006 to 2007 has increased, as presented in Figure 5-1, particularly for cardboard and paper recycling collections. Approximately 35 sites had improvements to their recycling collections during 2007/08.

Whilst the number of sites with cardboard recycling collections has increased, it is acknowledged that there is substantial potential to increase levels further. This is being addressed through Action 11 and 29 of our action plan, and will continue to be a focus of our updated action plan covering 2008-10.

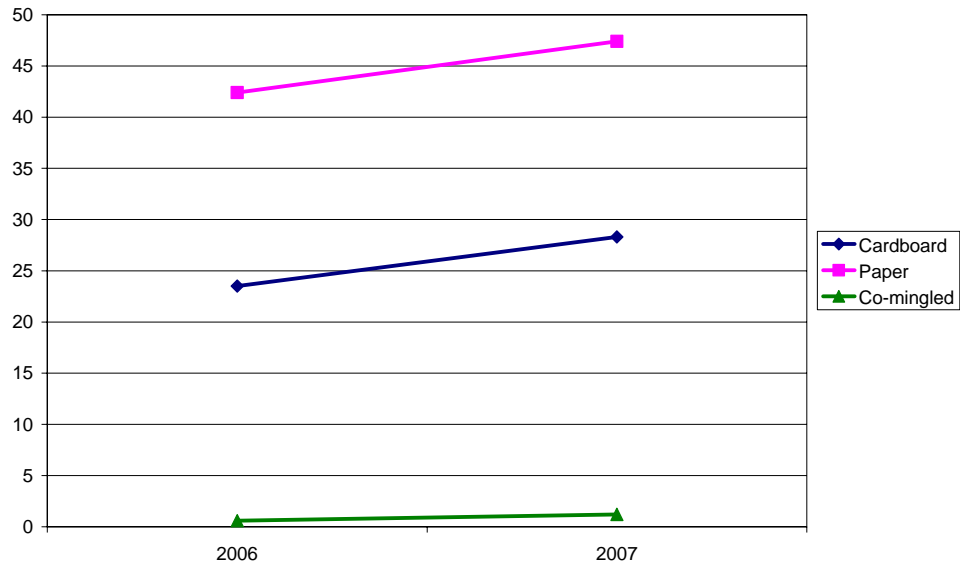


Figure 5-1 Number of Australia Post sites with recycling collections, 2006 and 2007

## 5.7 KPI 21

### Description

KPI 21 is the *estimated weight and proportion (with respect to total waste) of consumer packaging sent (a) for recycling and (b) to landfill from on-site collection facilities.*

### Data sources

KPI 21 data is based upon waste to landfill and recycling data provided by Australia Post's national waste and recycling service provider.

### Records

Information and records for this KPI are maintained by the Australia Post appointed Covenant Officer.

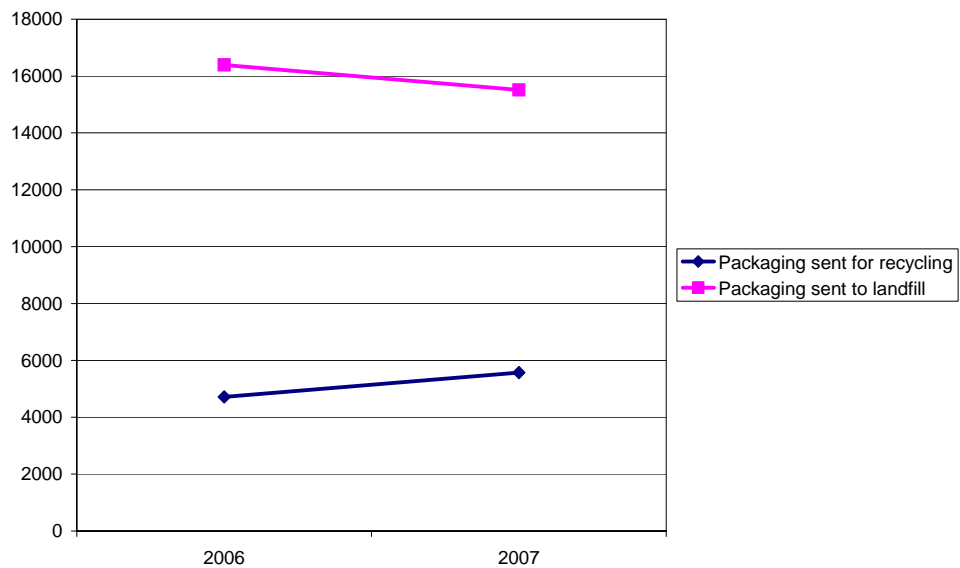
### KPI 21 data

Australia Post data for KPI 21 is presented in Table 5-5 below.

**Table 5-5 Packaging to recycling and landfill for 2007**

Material	Quantity (tonnes)	% of total waste
Packaging sent for recycling	5 574	24
Packaging sent to landfill	15 511	66
Non packaging sent for recycling	619	2.6
Non packaging sent to landfill	1 723	7.4
<b>Total volume of waste and recycling</b>	<b>23 427</b>	<b>100%</b>

The total volume of waste and recycling generated remains substantially consistent across 2006 and 2007. The quantity and proportion of packaging sent to recycling has increased from 2006 to 2007, with a subsequent decrease in the proportion of packaging sent to landfill.



**Figure 5-2 Packaging sent to recycling and landfill (tonnes), 2006 and 2007**

## 5.8 KPI 22

KPI 22 relates to the *adoption of the ECoPP and development of systems for its implementation.*

Australia Post Packaging Design Guidelines, incorporating the requirements of the ECoPP, have been developed and adopted throughout Australia Post during 2007/08.

The application of the guidelines will be undertaken as part of the broader packaging design review process and in the development of new packaging.

## 5.9 KPI 26

KPI 26 relates to the *implementation of Buy Recycled purchasing policy / practices*.

Australia Post is currently developing a corporate wide sustainability strategy, which has "ethical sourcing" as one of its key pillars. This strategy will incorporate and build upon the requirements of the Buy Recycled Purchasing Policy.

Australia Post maintained its Buy Recycled Business Alliance (BRBA) membership during 2007/08.

During 2007/08, Australia Post submitted the details of a selection of postal packaging products to be published in the Recycled Product Directory. Australia Post also supported the BRBA in the launch of the directory by attending the launch and providing product displays.

## 5.10 KPI 27

KPI 27 relates to the *establishment of baseline performance data*.

Baseline KPI data was provided in the Year One (2005/06) Annual Report.

## 5.11 KPI 28

KPI 28 requires *annual reporting against this Action Plan*.

This KPI has been addressed through this report against the Australia Post NPC Action Plan.

## 5.12 KPI 29

KPI 29 relates to *demonstrated improvement and achievements of milestones in Action Plan*.

This KPI has been addressed through this report against the Australia Post NPC Action Plan.

## 6 Australia Post product list

**Table A-1 Australia Post 'brand-owned' products captured within KPI data reporting**

A4 Copy Paper White 80 gsm	Manilla Folders (Buff)
Ball point pen - Medium Assorted	Manilla Folders (Coloured)
Ball point pen - Medium Blue	Metallic Fold Back Clips
Bubble Wrap	Metallic Map Pins
Carry File	Metallic Paper Clips
CD Mailer	Metallic Push Pins
CD Wallet	Mini Optical Mouse
CD/DVD Mailer	Mini Wireless Optical Mouse
CD/DVD Single Mailer	Office Pack (fold back clips and push pin)
CD-R Recordable Discs	Optical Mouse
CD-R Recordable Discs - Spindle	Packaging Tape - Brown
Character Products - Padded Bags	Packaging Tape - Clear
Desktop calculator	Packaging Tape Dispenser Low Noise
Diskette and Photo Mailer	Padded Bags
Diskettes	Parcel Post Satchels
DVD Recordable Discs -R	Peel 'n' Seal Envelopes
DVD Recordable Discs -R - Spindle	Plastic carry bag
DVD Recordable Discs +R	Pocket Calculator
DVD Recordable Discs +R - Spindle	Postage Prepaid Envelopes
Expandable Tough Bags	Registered Post Envelopes Within Australia
Express Post Envelopes	Satchel Liners
Express Post Platinum Satchels	Scenic Bags- Padded Bags (suits A4)
Express Post Satchels	Stamps Booklet of 10
Facsimile Rolls	Stamps Roll of 100
Gel Wrist Rest Mouse Pad	Suspension Files
Invoice Enclosed Envelope	Tough Bags
Mailing boxes	TOUGHpaks
Mailing Tubes	WINEpaks

## 7 NPC status of Australia Post suppliers

Action 16 of Australia Post's Action Plan requires that Post "Monitor the number of packaging suppliers who are signatories to the NPC". Of the 27 significant suppliers of Australia Post, eight are currently signatories to the NPC, 16 are currently non-signatories to the NPC and three companies are withdrawn or non-compliant, as listed on the NPC website on 31 July 2008. The suppliers and their status are listed below in Table B-1.

Supplier	NPC status 2007*	NPC status 2008
ACCO Australia Pty Ltd	signatory	signatory
Amcor Australasia	-	signatory
Australian Envelopes	-	non-signatory
Bic	-	non-signatory
Box Link Pty Ltd	non-signatory	non-signatory
Camerons Envelopes	withdrawn, non-compliant	withdrawn, non-compliant
Colorpak Packaging Pty Ltd	signatory	signatory
DFC Packaging Group of Companies	non-signatory	non-signatory
GK Labels Pty Ltd	-	non-signatory
imation	-	non-signatory
Label Makers Australia	-	non-signatory
Lakeside Packaging	non-signatory	non-signatory
PaperlinX	-	non-signatory
Pelikan Artline Pty Ltd	-	signatory
Penfold Buscombe	non-signatory	non-signatory
Perfection Packaging Pty Ltd	non-signatory	non-signatory
Polycell International P/L	-	signatory
Production Packaging	non-signatory	non-signatory
Sancell	non-signatory	non-signatory
Sealed Air Australia	signatory	signatory
Sonoco Australia Pty Ltd	signatory	signatory
Statman Manufacturing	-	non-signatory
UR1 International	withdrawn, non-compliant	withdrawn, non-compliant
Vicpac Industries	non-signatory	non-signatory
Vivendi	-	non-signatory
Visy Industries	signatory	signatory
Wayne Richardson Sales	withdrawn, non-compliant	withdrawn, non-compliant
Wigg & Son	-	non-signatory

\* '-' indicates that the company was not a major supplier to Australia Post at the time of the completion of the 2006/07 annual report.

