

Australia Post
Corporate Responsibility Report
2008–09

Celebrating
200
years



In this report

2 Chairman's and Managing Director's message

A statement from our leaders on the significance of corporate responsibility to our organisation and an overview of our performance and outlook.

4 About Australia Post

A snapshot of our purpose, organisational structure, operations, products, services and brands.

6 Our 2008–09 performance

A summary of our achievements and challenges for the reporting period, as well as opportunities and the outlook for the year ahead.

8 About this report

Information about the intended audience for this report, as well as the report's scope, boundary and GRI application level.

9 Our approach to corporate responsibility

An outline of the strategic intent, vision and strategic goals of our corporate responsibility strategy, as well as our material issues, stakeholder engagement and corporate governance.

14 Our management approach

A summary of our policies and our approach to managing performance across all areas of corporate responsibility. This section forms our response to the GRI's Disclosure on Management Approach.

16 Our community

A summary of our corporate community investment activities and performance.

20 Our people

This section summarises our performance in areas such as diversity and equal employment opportunity, employee turnover, occupational health and safety, employee engagement and labour relations.

26 Our products and services

Contains information on our regulated performance standards, complaint resolution process, customer satisfaction results and trade practices compliance, and the sustainability of our products and services.

32 Environmental performance

A summary of our environmental management approach and our greenhouse gas emissions. Includes information on our fleet composition, energy efficiency, waste, water, biodiversity and heritage management.

40 Economic performance

Information on our financial performance, shareholder relations, direct and indirect economic impacts, superannuation and climate change risk assessment.

43 Index of GRI content

An outline of the GRI standard disclosures and indicators we have reported against in 2008–09, with page references for finding the relevant information in this report.

As a business, we must foster the right management approach to ensure the long-term sustainability of our operations and the communities that we serve. Our corporate responsibility strategy provides a roadmap for identifying new business opportunities, mitigating risks, reducing costs and building our brand. It is integral to Australia Post's future.

David A Mortimer AO, Chairman



Chairman's and Managing Director's message

This was a landmark year at Australia Post as we adopted a more strategic approach to integrating corporate responsibility into our business.



Left: David A Mortimer AO, Chairman
Right: Graeme T John AO, Managing Director

At Australia Post, our daily business activities necessarily see us making an important social contribution to the nation. The logistical task of delivering the nation's mail and serving customers in our outlets means that we are quite literally out there in the Australian community – every day.

After 200 years of providing Australia's postal service, the notion of acting responsibly is, to an extent, ingrained in the fabric of our business. Nonetheless, we are mindful that we have a genuine interest in protecting our position as a trusted corporation that plays a vital role in the life of Australian communities. For this reason, during 2008–09 we adopted a formal corporate responsibility (CR) strategy that is designed to embed responsible economic, social and environmental practices throughout all areas of our business.

We have adopted this strategy because it is the right thing to do for our workforce, for the communities that we serve and for the environment. But we also expect that real business benefits will emerge from this work. Over time, embedding corporate responsibility considerations into our business will help us to reduce our costs, unearth new business opportunities, attract and retain the very best employees, and safeguard our key brand attribute – trust.

Contributing every day for a sustainable tomorrow

The board of Australia Post endorsed our first formal corporate responsibility strategy in October 2008. Our ambition is to be recognised as a corporation and a workforce achieving success via sustainable business practices. Our vision is “contributing every day for a sustainable tomorrow”.

The working group that developed our corporate responsibility strategy identified key initiatives that, when fully implemented, will help Australia Post to achieve its goals. The seven strategic goals that underpin our approach are:

- 1 Minimise our environmental footprint.
- 2 Invest in the communities where we operate and 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.

We have already made some progress in relation to energy efficiency, community investment, product innovation, sustainable sourcing and stakeholder engagement. The production of this report is also a step forward because it involves communicating our approach to our stakeholders and seeking their input and feedback on our direction.

Minimising our environmental footprint

An unavoidable impact of our operations is that we emit carbon in the process of sorting and delivering mail to 10.69 million delivery points nationwide. In the 2008 calendar year, our Scope 1 and 2 greenhouse gas emissions amounted to 302,612 tonnes of carbon dioxide equivalent (CO₂-e; see page 35). While this is a 2 per cent reduction on the previous year, we recognise that we will need to further reduce our emissions over the coming decade. We are currently working on setting targets and expect to disclose these in our next corporate responsibility report.

Community service and investment

Providing a community service is an intrinsic part of our 200-year heritage. Indeed, under our legislated community service obligations (CSOs), we are required to provide a letters service that is “reasonably accessible to all people in Australia.” In 2008–09, we managed to meet or exceed all of the performance standards that are used to measure compliance with our CSOs, including the maintenance of more than 4,000 retail outlets (we have 4,433), 10,000 street posting boxes (we have 16,055), and at least 94 per cent on time letter delivery performance (we achieved 95.5 per cent).

We also derive reputational and commercial benefits from this “obligation” to provide a community service. For instance, the geographic spread of our network and the community's trust in our brand have enabled us to become a leading provider of agency services (such as banking, bill payment and identity services) on behalf of business and government.

Given the benefits we gain from our strong links with the Australian community, this year we put an emphasis on developing a more robust process for managing our community investment programs. As a result, we have refocused our community investment (estimated to be \$7.46 million in 2008–09) to concentrate on three core areas – education, community environmental programs, and sustaining rural and regional Australia (see page 17).

Responsible products and services

If we are going to maintain our reputation as one of Australia's most trusted corporations, we must offer products and services that are both responsible and sustainable. For this reason, we have increased the recycled content (and the recyclability) of our packaging and retail products while also starting to phase out single-use plastic bags at our retail outlets (see page 26).

Although we do not directly control the mail creation process, we see it as our responsibility to lead the industry in minimising the environmental impact of Australian mail. So, we will work closely with the mail industry over coming years to help to reduce emissions and eliminate waste from the bulk mail production process.

Sustainable sourcing

Just as we're addressing the environmental impacts of our own products and services, it's equally important that we make sure, as far as possible, that the products and services we purchase from our suppliers are sustainable. We made important progress against our fourth strategic goal in 2008–09 by developing a code of conduct for our suppliers and including formal consideration of sustainability impacts in our tender documents (see page 30).

Engaging our workforce

Australia Post's brand strength is built on the outstanding customer service and commitment of our 35,509 staff, who have literally millions of interactions with the Australian community every working day. We have a number of strategies for engaging our workforce in our corporate responsibility strategy, including a Workplace

Giving program (launched in July 2009) and behavioural change programs that are aimed at motivating staff to contribute to energy efficiency initiatives.

One very pleasing aspect of our performance this year was the rise in employee engagement and job satisfaction levels that were recorded in our Staff Attitude Survey (see page 25). An overwhelming 73.5 per cent of staff participated in the survey, which showed the most consistent improvement in staff attitudes since 2005.

As an employer, our major responsibility is to provide a safe, injury-free workplace for our staff. The proactive management of occupational health and safety (OH&S) risks over the past decade has seen our lost time injury frequency rate (LTIFR) fall from 19 (in 1998–99) to 7.1 (in 2008–09). While that's a significant improvement, we were disappointed that we did not meet our LTIFR target, so we must increase our efforts in order to achieve our safety targets in the future.

Stakeholder engagement

Given Australia Post's prominence in so many aspects of Australian life, it is not surprising that we have a broad range of stakeholders who take an active interest in our business. During the year, we conducted our first comprehensive review of stakeholder perceptions – and we received clear feedback that our stakeholders want to know more about what we are doing in relation to corporate responsibility. The publication of this corporate responsibility report is a good first step, but we will be doing more over the coming year to develop regular, meaningful engagement with our stakeholders (see page 10).

Effective governance and reporting

During the year, we established a formal governance structure that will help us to implement our corporate responsibility strategy and monitor our progress. As a result of these changes, the highest decision-making bodies at Australia Post are now regularly updated on our corporate responsibility progress, and a program management office is co-ordinating the implementation of our initiatives throughout the business.

The production of this corporate responsibility report is one of the initiatives that we committed to under our seventh strategic goal. This is our first stand-alone corporate responsibility report – and it is also the first time we have produced a report in accordance with the sustainability reporting framework from the Global Reporting Initiative (GRI).

Looking to the future

We recognise that we are still in the early phase of this journey – and we have much to learn. An important task over the coming year will be to define targets that we can use to measure, monitor and improve our performance in relation to all identified areas of corporate responsibility.

We would like to acknowledge the important work done by the Corporate Responsibility Program Working Group during 2008–09 in developing our first corporate responsibility strategy and instigating important changes to our governance process. Through their determination and co-operation, Australia Post now has in place an enterprise-wide corporate responsibility program that will help us to enhance our reputation, mitigate our risks and seize new business opportunities.



David A Mortimer AO
Chairman



Graeme T John AO
Managing Director

About Australia Post

Australia Post is a government business enterprise that is committed to providing an accessible, reliable and sustainable postal service for all Australians.

Our purpose

The origins of our business stretch back 200 years to the appointment of Isaac Nichols as the first postmaster for the colony of New South Wales. Nichols opened Australia's first post office at his home in George Street, Sydney, in 1809.

Today, Australia Post is a wholly owned government business enterprise (GBE) operating under the *Australian Postal Corporation Act 1989* (Cwlth). As a self-funding GBE with legislated community service obligations, our objective is to earn a profit while delivering a reliable, accessible and sustainable postal service for the Australian community.

The profits we earn are either returned as dividends to our shareholder, the Commonwealth Government, or reinvested in the business to improve service standards, broaden our revenue base and reduce costs.

Organisational structure

The highest decision-making body at Australia Post is the Board of Directors, which is responsible for setting the corporation's objectives, strategies and policies. Led by a non-executive chairman, David Mortimer AO, the board comprises up to eight non-executive directors and the managing director.

The most senior management forum at Australia Post is the Executive Committee (EC), which is comprised of 10 senior

executives who advise the managing director on operational matters and formulate strategies and policies for consideration by the board. Each EC member is accountable for managing a key division or support function of the business. Our business consists of a number of divisions and portfolios, including Mail & Networks Division, Commercial Division, Products & Customised Services, Finance, Corporate Infrastructure Services, Corporate Development and Business Support.

In addition to our 35,509 staff, we have an indirect workforce of 2,941 licensees, 28 franchisees, 637 community postal agents and 5,137 mail contractors. These licensees, franchisees, community postal agents and mail contractors operate as privately owned independent small businesses.

Extent of operations

Australia Post's operations are concentrated within Australia, although we work closely with other international postal administrations – through the Universal Postal Union and the Kahala Posts Group (an alliance of 10 leading postal services) – to ensure the reliable and efficient delivery of international mail. We also own, or have investments in, several offshore businesses, including PrintSoft (100 per cent ownership), Post Logistics Hong Kong (100 per cent ownership) and Sai Cheng Logistics International (a joint venture with China Post in which Australia Post has a 49 per cent share). These offshore businesses combined generate 0.5 per cent of our consolidated revenue.

Our products and services

Australia Post operates in the following three core markets.

Letters & associated services

We collect, process and distribute letters to the Australian community, and between Australia and overseas. We also provide a range of mail-related services for large organisations, including mail production, data services and mailroom management services.

Agency services & retail merchandise

Agency services and retail merchandise are offered via our nationwide network of retail outlets. We offer a variety of agency services on behalf of business and government, including bill payment, banking, money transfer and identity services. We also sell a range of retail merchandise, including mail packaging, stationery, office supplies, communications products, gifts and cards.

Parcels & logistics

We collect and process parcels and distribute them to the Australian community, and between Australia and overseas. We also offer courier services, integrated logistics services (domestic and international) to businesses, and express freight services (with our joint-venture partners).

Our community service obligations

Australia Post is required to provide a letters service for both domestic and international letter traffic that meets "the social, industrial and commercial needs of the Australian community". Under our community service obligations (CSOs), we are required to provide a letters service that is "reasonably accessible to all" Australians and that is "available at a single uniform rate" within Australia (currently 55 cents).



Australia Post overview 2008–09

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 MP, Minister for Finance and Deregulation.
Headquarters	Melbourne, Australia
Chairman	David A Mortimer AO
Managing director	Graeme T John AO

Key results

Total revenue	\$4.99 billion	Employees – full-time	25,149
Total expenditure	\$4.57 billion	Employees – part-time	10,360
Profit after income tax	\$260.6 million	Licensed/franchised retail outlets	2,969
Total assets	\$4.27 billion	Mail contractors	5,137
Mail volume in 2008–09	5.32 billion items	Community Postal Agents	637

Fast facts

Number of customers served at Australia Post retail outlets every day	Around one million
Number of customer calls managed by our contact centres in 2008–09	5.74 million
Average daily mail volume	20.4 million articles (each business day)

Our brands

The majority of our products and services use the Australia Post master 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 that all have a widely recognised association with the master brand.



Australia Post has acquired several businesses that operate in niche markets. Each has its own distinct logo incorporating an explanation that it is owned by Australia Post.



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



Summary of 2008–09 performance

We made significant progress towards integrating corporate responsibility into our business following the adoption of an enterprise-wide corporate responsibility strategy this year.

	Achievements	Page
Our management approach	Australia Post's first enterprise-wide corporate responsibility strategy received endorsement from the board.	9
	Established a robust corporate responsibility governance framework, which gives the board and the Executive Committee (EC) responsibility for the direction of our corporate responsibility strategy.	12
Our community	Contributed a total of \$7.46 million to the community (including cash, time, in-kind contributions and management costs). This includes a \$1 million donation to the Red Cross Victorian Bushfire Appeal.	17
	Facilitated the collection of \$4.8 million in public donations for the Red Cross Victorian Bushfire Appeal via our postal outlets.	16
Our people	Achieved improvements in employee engagement and job satisfaction.	25
	Despite the tough economic conditions, we maintained our enterprise agreement commitment to provide job security for our employees.	25
Our products and services	Met or exceeded all of the performance standards related to our community service obligations.	27
	Began to phase out the use of plastic shopping bags in our postal outlets.	26
Environmental performance	Total greenhouse gas emissions were 2 per cent lower than in 2007–08.	35
	Participated in international postal sector benchmarking.	35
Economic performance	Contributed \$4.3 billion to the national economy through salary and wage payments and the procurement of goods and services.	40
	Provided indirect economic support for 8,743 small businesses (licensees, franchisees, postal agents and mail contractors) around Australia.	41
	Challenges	
Our management approach	Integrating corporate responsibility into all relevant aspects of Australia Post's operations.	12
Our community	Continuing to engage our workforce in our community investment programs.	17
Our people	Reducing the incidence of workplace injuries and lowering our lost time injury frequency rate (LTIFR).	24
Our products and services	Maintaining high levels of community service performance and profitability as letter volumes stabilise or decline.	28
Environmental performance	Reducing the greenhouse gas emissions generated by our facilities and fleet.	36
Economic performance	Maintaining mail volumes and profitability – especially if the economic downturn continues.	40
	Opportunities	
Our management approach	Seeking feedback and input from our key stakeholders on our approach to corporate responsibility, including this report.	9
Our community	Creating more effective partnerships with community organisations that share our commitment to education and the environment and to sustaining rural and regional Australia.	18
Our people	Engaging with our people on our approach to corporate responsibility and providing information on practical steps they can take to become more energy efficient at home and in the workplace.	25
Our products and services	Working with business customers and mail generators to enhance the sustainability of the mail channel.	30
Environmental performance	Establishing an enterprise-wide carbon management program that incorporates consideration of carbon impacts in all of our decision-making.	39
Economic performance	Including a corporate responsibility impact assessment in our business case submissions.	42
	Outlook	
Our management approach	Define targets across our seven areas of focus, then use these to measure and improve our corporate responsibility performance over time.	9
Our community	The launch of our national Workplace Giving program will encourage charitable giving among our staff and increase our corporate community investment.	18
Our people	Workforce requirements are expected to remain steady at current levels.	25
Our products and services	Develop new products and services that demonstrate our commitment to corporate responsibility.	30
Environmental performance	Achieve further reductions in our carbon footprint over the coming decade, in line with the emissions reduction targets that we will set in the next year.	39
Economic performance	Position the business for sustainable profit growth by focusing on extending our core business activities.	42

Our scorecard 2008–09

This table provides a summary of our 2008–09 performance using a selection of measures and targets across our community, our people, our products and services, our environmental performance and our economic performance.

We are currently working on our approach to setting targets, particularly in relation to environmental performance and with reference to the United Nations Climate Change Conference in Copenhagen in December 2009. We intend to disclose these targets in our next corporate responsibility report.

	Measure	2008–09 target	2008–09 result
Our community	National Workplace Giving program – employee participation	Develop program	Achieved
	Join the London Benchmarking Group	Membership	Achieved
Our people	Lost Time Injury Frequency Rate (LTIFR) *	6.6	7.1
	Staff engagement	70%	70%
Our products and services	On-time delivery performance (letters)	94%	95.5%
	On-time delivery performance (large parcels)	96%	96.4%
Environmental performance	International Postal Corporation (IPC) environmental survey rating	10% above IPC average score	Achieved
	Number of environmental incidents	0	0
Economic performance	Revenue (\$ million)	5,240.0	4,985.3
	Profit before tax (\$ million)	575.1	380.9

*Lost time injuries per million work hours.

Awards and acknowledgements

- Australia Post ranked first for reputation in a 2009 study of Australia's 60 largest companies conducted by research consultancy AMR Interactive. More than 4,000 consumers participated in the overall survey and they rated companies based on seven categories: products and services, innovation, workplace, citizenship, governance, leadership, and performance.
- The Authentic Brand Index 2008 ranked Australia Post as the third most authentic brand for Australians, behind Microsoft and Google. The index is compiled by the branding consultancy Principals and research company Synovate (www.authenticbrandindex.com).
- The Global Envelope Alliance presented its Global Achievement Award to Australia Post in April 2009. This award was won in the "Growth" category, with Australia Post's submission highlighting the range of new initiatives undertaken to increase both promotional mail volume growth and industry growth in general.
- Australia Post received the National Diversity and Inclusion Award – Indigenous Australians (in the large organisation category) from Diversity@Work (November 2008).
- We were voted Top Graduate Employer in the utilities sector (2008) in an independent survey conducted by the Australian Association of Graduate Employers.

About this report

This is Australia Post's first stand-alone corporate responsibility report – and it is the first time we have aligned our reporting to the Global Reporting Initiative (GRI) sustainability reporting framework.

Since 1997, Australia Post has been reporting on aspects of its environmental performance, community investment, economic contribution and people management strategies in our annual report. Beginning this year, we are publishing a separate corporate responsibility report and releasing it in conjunction with our annual report.

This is the first time that we have produced a corporate responsibility report in accordance with the latest version of the Global Reporting Initiative (GRI) sustainability reporting guidelines, referred to as the G3 (GRI 2006). We have also reported against some indicators from the GRI's Transport and Logistics Sector Supplement (Pilot, 2006). Go to: www.globalreporting.org

Internationally, the GRI is the most widely adopted sustainability reporting framework. By using this framework, Australia Post is aligning its corporate responsibility reporting approach to best practice and thus we are making it easier for ourselves and others to benchmark our performance against national and international peers.

The purpose of this report is to communicate to our key stakeholders our approach to corporate responsibility, as well as our progress.

Target audience

Australia Post's corporate responsibility report contains relevant information for a broad range of its stakeholders. Based on stakeholder feedback, market research and the community impact of the service we provide, we believe the primary stakeholder segments for this report are:

- our shareholder (the Commonwealth Government)
- other federal, state and local government stakeholders and their constituents
- customers
- suppliers and industry partners
- our people
- community groups.

Reporting period

The data presented in this corporate responsibility report covers the 2008–09 financial year. The one exception is the reporting of environmental data, which relates to the 2008 calendar year. Calendar year data is used for the environmental section because accurate data cannot 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 are excluded from the boundary of this report. However, there are some references to their contribution to the postal network throughout this report in relation to Scope 3 greenhouse gas emissions (refer page 34), indirect employment (see page 41), and our CSO performance data (see page 27).

With the exception of Post Logistics Australasia and unless otherwise stated, this report does not include coverage of our wholly owned subsidiaries and joint ventures. The reason for this is that our data collation processes do not yet extend to subsidiaries, and joint ventures are required to report separately on their performance.

Relationship to 2008–09 annual report

Those readers who want a more detailed view of Australia Post's financial performance and statutory reporting in 2008–09, should read this report in conjunction with our 2008–09 annual report. Go to: auspost.com.au/annualreport

Assurance

Our financial data and delivery performance are externally assured by the Australian National Audit Office (ANAO). For further details, please refer to our annual report. In future years, we intend to seek external assurance for relevant components of our corporate responsibility report

The GRI indicators in this corporate responsibility report (see pages 43–4) have been internally assured by Australia Post's Corporate Audit Group, which reviewed and tested selected data collection and reporting processes to confirm their accuracy.

GRI Application level



Australia Post has self-declared this corporate responsibility report as a GRI "B" Application level report.

Our approach to corporate responsibility

We strengthened our existing approach to corporate responsibility this year by developing an enterprise-wide strategy and establishing formal governance structures to manage and report on our progress.

Corporate responsibility strategy

The notion of corporate responsibility is ingrained in the fabric of our business. Throughout the past 200 years, the Australian postal service has invested heavily in the communities it serves. For decades we have had policies that encourage the promotion of equal opportunity, diversity, and occupational health and safety in our workplaces. We have consistently met our legislated community service obligations over the past 20 years. And we have been publicly reporting our greenhouse gas emissions since 1997, when we voluntarily joined the Federal Government's Greenhouse Challenge Program.

In 2008–09, we adopted our first formal corporate responsibility strategy, which reflects a major shift in the way we consider corporate responsibility as part of our overall business performance. Our new corporate responsibility strategy commits the corporation to a co-ordinated enterprise-wide approach that reflects our material issues and key areas of economic, social and environmental impact.

The corporate responsibility strategy was developed by an internal working group, which comprises a team of senior managers from across the corporation. The working group conducted monthly workshops and workstream meetings to propose, refine and agree on the final strategy. They considered both internal and external research, including peer benchmarking, market research and intelligence and external stakeholder perceptions as they developed seven strategic goals (detailed at right).

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 32 |
| <hr/> | | |
| 2 | Invest in the communities where we operate and our people live and work. | See page 16 |
| <hr/> | | |
| 3 | Offer responsible and valued products and services. | See page 26 |
| <hr/> | | |
| 4 | Integrate sustainable sourcing across our supply chain. | See page 30 |
| <hr/> | | |
| 5 | Engage our workforce to apply sustainability practices.* | See page 20 |
| <hr/> | | |
| 6 | Understand and be responsive to our stakeholder needs and expectations. | See page 10 |
| <hr/> | | |
| 7 | Ensure effective governance and reporting. | See page 12 |

*Our people and workforce engagement

The fifth strategic goal of our corporate responsibility strategy is to engage our workforce to apply sustainability practices. Targeted campaigns to achieve this goal have begun during the reporting period and are included in the commentary of this report. However, for this report, the majority of the section beginning on page 20 describes our people management, diversity, and occupational health and safety policies and performance. These were considered to be material in our assessment of relevant GRI indicators.

Our approach to corporate responsibility

Material issues

The development of Australia Post's corporate responsibility strategy during 2008–09 helped identify and confirm the material issues that are of primary interest and concern to our business, our shareholder and other stakeholders.

A number of inputs into our strategy development process informed our materiality assessment. These included:

- presentations and briefings on sustainability-related frameworks and guidelines, including regulatory changes and industry specific initiatives
- leading practice insights and peer benchmarking
- facilitated group sessions exploring current positioning, risks and opportunities, and further exploration of areas of focus relevant to our corporate responsibility approach.

Additionally, we engaged an independent consultancy to conduct a comprehensive external stakeholder research project, which indicated that the following key issues were material for Australia Post: stakeholder engagement, corporate responsibility strategy, environmental performance, corporate community investment, financial results, and business strategy.

During March and April 2009, we held two materiality workshops (attended by the corporate responsibility program working group) to confirm our material issues and review the organisation's preparedness to report against GRI indicators that had significant business impact and stakeholder significance.

These internal workshops confirmed that the following GRI indicators were of material importance and should be covered in this corporate responsibility report:

- access to mail
- economic performance
- labour/management relations
- OH&S
- employment
- energy
- customer privacy
- emissions, effluent and waste
- legal compliance
- anti-competitive behaviour
- direct economic impacts
- diversity and equal opportunity
- non-discrimination
- fleet composition.

The seven goals that underpin the corporate responsibility strategy (see page 9) are, therefore, a high-level summary of the material issues affecting Australia Post.

The first five goals of the corporate responsibility strategy are addressed in the performance sections of this corporate responsibility report. Our approach to goals 6 (stakeholder relations) and 7 (governance and reporting) is addressed on pages 10–13.

Stakeholder engagement

Australia Post engages with a range of stakeholders, including government, regulatory bodies, customers, suppliers, industry bodies, the community, environmental organisations, the media, our workforce and key opinion leaders (see stakeholder map on page 11).

Some of the organisations we regularly consult with include Major Mail Users of Australia (MMUA), the Australian Direct Marketing Association (ADMA), Publishers Australia, Postage Meter Suppliers, the Post Office Agents Association Ltd (POAAL), the Licensee Advisory Council (LAC) and trade unions that represent our workforce. Our approach to stakeholder engagement is based on building and maintaining constructive relationships with organisations and individuals who have the potential to significantly affect the future success of our business.

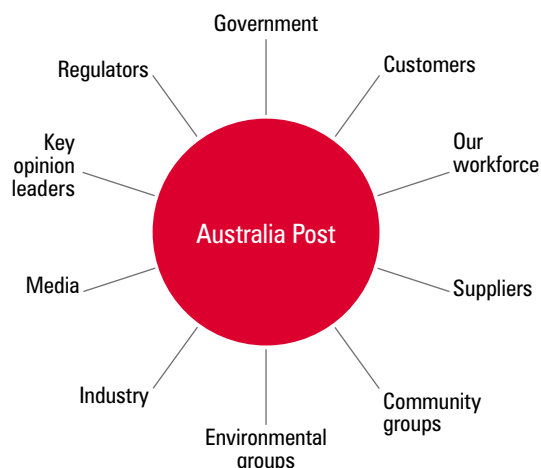
We conducted our first comprehensive external stakeholder review between March and July 2008. A key message to emerge from this research is that our stakeholders want to know more about our approach to corporate responsibility. This report forms part of our response to these expectations.

Through this review process, we learned about stakeholder perceptions of our business and we used this information to identify and define our stakeholder map.

While we reviewed our approach to stakeholder engagement in 2008–09 and started distributing a quarterly *Corporate Responsibility Update* newsletter for stakeholders, we intend to introduce a range of other changes during the 2009–10 financial year.



Stakeholder map



The changes include the introduction of stakeholder engagement guidelines and the adoption of new community participation procedures for managing local changes to our network, products and/or services (see page 28).

Stakeholder Council

The Stakeholder Council (SC), formerly known as the Postal Services Consultative Council, is an external stakeholder forum that advises Australia Post on matters relating to postal services and improving customer communication. Chaired by a member of the board, the SC comprises members representing private and business customers. The council met three times in 2008–09.

In recognition of the development of our corporate responsibility strategy and the importance of stakeholder feedback, the council's charter now includes a corporate responsibility review role. The SC will provide feedback on relevant initiatives and formally review our next corporate responsibility report.

As vacancies on the council arise, new members with corporate responsibility expertise will be sought. In July 2009, Graz van Egmond, executive director of the Banksia Environmental Foundation, joined the council.

The council members in 2008–09 were:

Tom Phillips, Director, Australia Post (SC Chairman, July–November 2008)

William Mansfield, Director, Australia Post (SC Chairman, from December 2008)

Brian Baulk, former Divisional Secretary, CEPU (Qld)

John Bergin, Managing Director, Yakka Australia (Vic)

Sommers Botha, former General Manager, Retail Scholastic Books (NSW)

Colin Brideson, retired school principal (SA)

George Etrelezis, small business consultant (WA)

Allan Garcia, CEO, Local Government Association of Tasmania (Tas)

Marie McGrath-Kerr AM, Chairman, Post Office Agents Association Ltd (Vic)

Gabrielle Nagle, Health & Aged Care Consultant (Vic)

Margaret Smith AO, former National President, Country Women's Association (NSW)

Rob Tregoweth, Licensee, Henley Beach Post Office (SA)

Rob Tolmie, Director, Australian Direct Marketing Association (Qld).

(Mr Brideson, Ms McGrath-Kerr and Mr Phillips all retired from the council during the year.)

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 are mostly related to the international postal network, industry leadership, sustainability, community investment, transport, direct marketing, packaging and the paper industry.

International

Asian Pacific Postal College

www.appu-bureau.org/appc_web_pages/intro.htm

Asia Pacific Post Cooperative

www.app.coop

Asian Pacific Postal Union

www.appu-bureau.org/

Global Envelope Alliance

www.envelope.org/page/global_envelope_alliance

International Postal Corporation

www.ipc.be/

Universal Postal Union

www.upu.int/

National

Australian Direct Marketing Association

www.adma.com.au/asp/index.asp

Australian Institute of Company Directors

www.companydirectors.com.au/default.htm

Australian Trucking Association

www.atatruck.net.au/

Committee for Economic Development of Australia

www.ceda.com.au/public/index.html

Industry Advisory Group of the National Transport Commission

www.ntc.gov.au/

London Benchmarking Group (Australia/ New Zealand)

www.lbg-australia.com/

National Packaging Covenant

www.packagingcovenant.org.au/

Paper Round

www.paperround.com.au/

Together

www.together.com.au/about

Corporate responsibility governance

Australia Post's recently adopted corporate responsibility governance framework recognises that the management of our corporate responsibility strategy and its integration into our day-to-day business require the active participation of our senior executives as well as co-ordination across the corporation's various business divisions and portfolios.

This framework also ensures that the corporation's highest decision-making bodies now have greater responsibility for (and exposure to) our corporate responsibility strategy and how this is built into our related business initiatives. For instance, the board now receives quarterly reports on the progress of the corporate responsibility strategy and the managing director receives a monthly update on progress against stated objectives.

Australia Post's corporate responsibility EC sub-committee endorsed our new governance structure in May 2009 (see diagram on page 13). This governance framework includes the following three forums: the corporate responsibility EC sub-committee, the Corporate Responsibility Program Working Group and the corporate responsibility workstream groups.

A dedicated project management office has been established within the Corporate Public Affairs Group to support this governance framework and provide a reporting and co-ordination function.

Corporate governance

Australia Post is a government business enterprise whose sole shareholder is the Commonwealth Government.

The Australia Post Board of Directors comprises up to eight non-executive directors and the managing director. Non-executive directors are appointed by the Governor-General on the nomination of the Minister for Broadband, Communications and the Digital Economy. The minister is responsible for considering the balance of expertise on the board prior to nominations. This includes ensuring that a person with appropriate understanding of the interests of employees is represented. The managing director is appointed by the board.

Australia Post provides its shareholder with an annual 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.

Directors 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.

An externally facilitated board performance appraisal is undertaken biennially, focusing on board, board committee and individual director effectiveness. The next such review will be in May/June 2010.

Remuneration for Australia Post's non-executive directors is determined by the Commonwealth Remuneration Tribunal and is disclosed in our annual report.

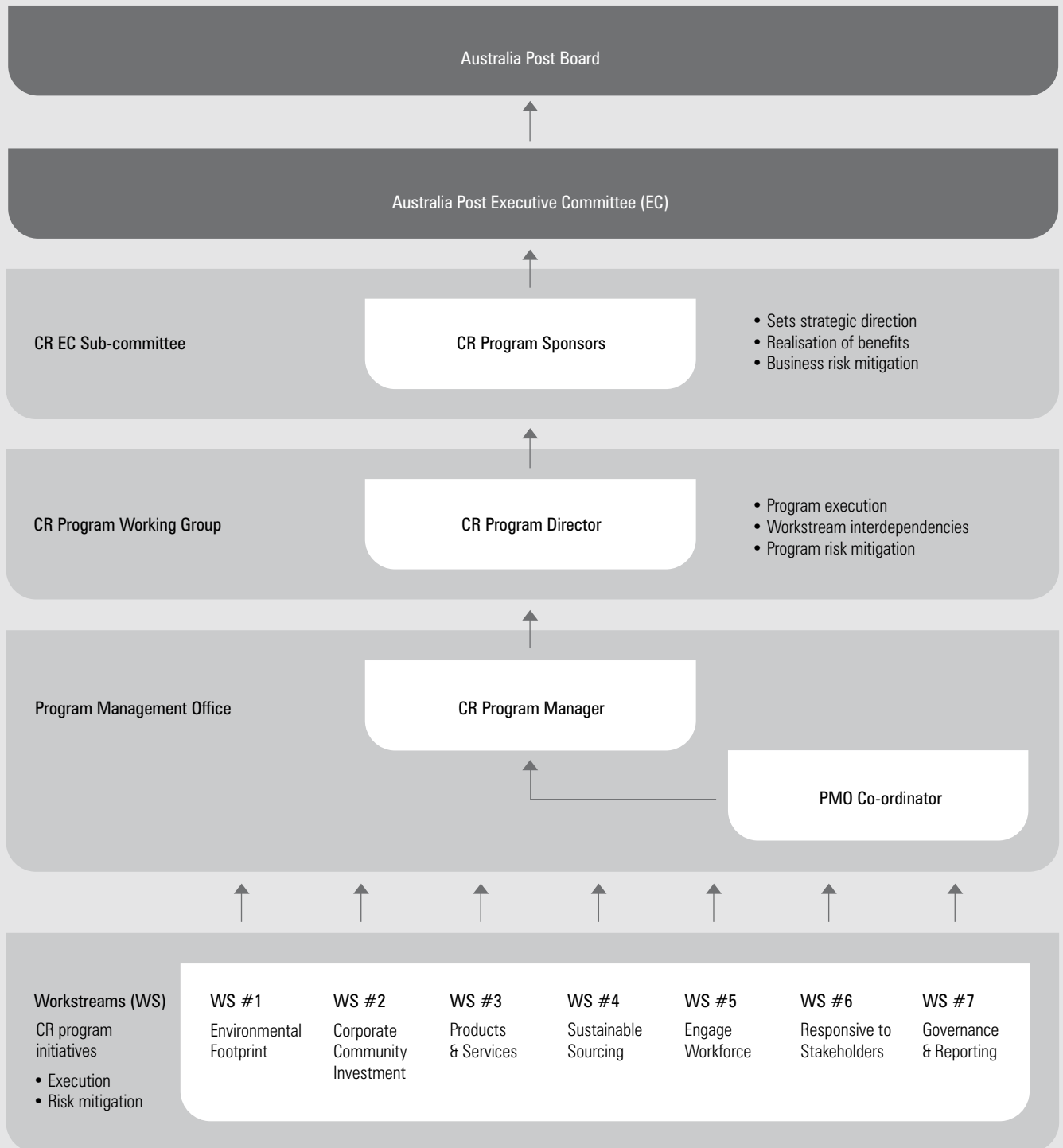
The board is responsible for setting the remuneration of the managing director within parameters set out by the Commonwealth Remuneration Tribunal. Remuneration of other senior executives is reviewed and determined by the managing director, within the parameters set out by the board's Human Resources Committee. Since 2007–08, part of the at-risk component of remuneration for the managing director, EC and executives has included corporate responsibility-related performance indicators.

The board has a comprehensive risk management policy framework covering all significant business risks and strategic considerations. These processes are consistent with the relevant domestic standard, AN/NZS 4360. All business-related proposals to the board include risk identification, measurement and mitigation strategies. All business units provide an annual update to the internal Risk Management Committee. Higher rated risks are reported to the board Audit & Risk Committee each quarter.

The corporate governance section of the 2008–09 annual report covers a wide range of issues, including: a list of the directors who served in 2008–09, the role of the board, the role of the board's Audit & Risk and Human Resources committees, reviewing board performance, conflict of interest policies, our Code of Ethics, director remuneration, executive remuneration, external audit procedures, internal audit procedures, risk management policies, internal control framework, treasury policy, corporate security, trade practices compliance, and our privacy compliance program. For more information, go to: auspost.com.au/annualreport



Governance structure for corporate responsibility



Our management approach

Goals and performance

Policy

Organisational responsibility

Training and awareness

Monitoring and follow-up

Additional information

Our community

Refer to the "Our community" section (pages 16–19).

Australia Post has a national Sponsorship Policy.
Go to: auspost.com.au

The group manager, Corporate Public Affairs (CPA), reports directly to the managing director in relation to community investments and commercial sponsorships.

A team in CPA manages our sponsorships and community investments.
Staff are informed of national sponsorships and community investments through Australia Post's internal communication channels.

The CR EC sub-committee monitors our community investments.
Requests for support and/or sponsorship are made directly to the group manager CPA or the national sponsorship manager.

During 2008–09, we joined the London Benchmarking Group (Australia/New Zealand); reviewed our corporate community investment strategy and narrowed our focus to three key areas of community investment – education, environment, rural and regional Australia; and developed a Workplace Giving program for staff, which was launched in July 2009.

Our people

Refer to the "Our people" section (pages 20–25).

Australia Post's Human Resources (HR) policies and strategies include: Equal Employment Opportunity Policy, Diversity Policy, Injury Prevention and Management Policy, Workforce Diversity Business Strategy, Age Management Strategy, Our Ethics and Whistleblower Policy.
We have an HR manual, which codifies the rights of staff under our awards and agreements.
We have been in ongoing negotiations with the unions in relation to our seventh enterprise bargaining agreement (EBA).

There is an HR sub-committee of the Australia Post board.
The group manager, Corporate HR, reports directly to the managing director. We also have dedicated HR support within divisions, with dotted line reporting to the group manager, Corporate HR.
There is also an HR Executive Committee, which meets bi-monthly to ensure co-ordination of HR strategies and programs.

In 2008–09, we conducted harassment and discrimination training, as well as ethical decision-making training for senior managers, and began roll-out of Our Ethics training for all staff (which will be completed by October 2009).
In 2009–10, we intend to begin a national internal communications campaign that seeks to inform our people of our approach to corporate responsibility and practical steps they can take to become more energy efficient at home and in the workplace.

Our HR issues are monitored through the following forums: the HR Committee of the board, the annual HR support plan and the bi-monthly HR Executive Committee meetings.

The Australian laws that influence our HR policies include *Human Rights and Equal Opportunity Commission Act 1986*, *Age Discrimination Act 2004*, *Fair Work Act 2009*, *Sex Discrimination Act 1984*, *Disability Discrimination Act 1992*, *Racial Discrimination Act 1975*, *Maternity leave (Commonwealth Employees Act) 1973*, *Long Services Leave (Commonwealth Employees Act) 1976*, *Safety Rehabilitation and Compensation Act 1988*, *Commonwealth Occupational Health and Safety Act 1991*, *Human Rights and Equal Opportunity Commission Act 1986*, *Equal Employment Opportunity (Commonwealth Authorities) Act 1987* and *Privacy Act 1988* (Cwlth).

This section provides a concise summary of Australia Post's management approach to corporate responsibility issues. The intention is to demonstrate how corporate responsibility policies and procedures are integrated into our business plans and everyday operations.

Our products and services

Refer to the "Our products and services" section (pages 26–31).

Our community service obligations, performance standards and complaint resolution procedures are outlined in the customer service charter.

The booklet entitled *Post Guide* includes a range of policies and procedures relating to our products and services.

We have a trade practices compliance program, which includes a trade practices (TP) manual, online resources, regular staff training, a clearance process for our advertising and promotional activities, and a compliance register.

Commercial trading agreements with suppliers require full compliance with all relevant laws.

We have a privacy compliance program, which ensures that we protect the personal information of our customers, employees and business partners.

The general manager, Mail & Networks Division, has operational responsibility for meeting the regulated delivery standards. The general manager, Commercial Division, has operational responsibility for meeting the retail access points component of these standards. The national trade practices compliance officer has responsibility for our trade practices compliance program. At a national level, the trade practices clearance process involves the corporate secretary or a nominated executive, the group manager, Corporate Public Affairs, or a nominated executive, and the national trade practices compliance officer jointly checking and signing off on advertising, promotional and marketing material. The chief privacy officer has responsibility for our privacy compliance program.

Copies of the customer service charter were sent to all managers, along with a package of materials to assist them in briefing staff. We have ongoing programs for training staff in trade practices and privacy compliance (see page 29).

Research International monitors our letters performance against the regulated standard. Ernst & Young has been engaged by the Australian National Audit Office (ANAO) to conduct an annual audit to ensure that Australia Post has met all of its regulated performance standards. A summary of the results of this audit is included in our annual report (see page 111).

Our performance standards are outlined in the *Australian Postal Corporation (Performance Standards) Regulations 1998*.

The Postal Industry Ombudsman investigates complaints about Australia Post under the *Ombudsman Act 1976*. Go to: www.pio.gov.au

This year, we developed a code of conduct outlining our expectations of suppliers.

Australia Post made an undertaking to the ACCC in 1998 regarding its trade practices compliance program.

Environmental performance

Refer to the "Environmental performance" section (pages 32–9).

Australia Post has an Environment and Energy Policy, which is endorsed by the board.

Our environmental monitoring and programs are managed through an ISO14001 aligned environment management system.

We are actively monitoring our carbon footprint by measuring our consumption of materials, energy and water, as well as the waste we dispose.

The national environment manager has operational responsibility for ensuring compliance with all laws and guidelines and co-ordinating programs that are designed to reduce our environmental footprint. All managers and staff also share a responsibility to ensure that their activities are legally compliant and in line with our environmental policy and commitments.

Staff are trained in the operation control procedures that are applicable to their job. These include recognising environmental impacts and how they can be minimised. We regularly send environmental awareness information to our staff, licensees and contractors.

The Board Audit and Risk Committee monitors our emissions and compliance with legal requirements. We established an Environment Management System (EMS) in 1997, which is in line with ISO14001. We are actively monitoring our activities to ensure that our environmental performance complies with our Environment and Energy Policy and all legal requirements.

Some of the Australian laws that influence our environmental management approach are the *Energy Efficiency Opportunities Act 2006*, *National Greenhouse and Energy Reporting Act 2007*, and *Environment Protection and Biodiversity Conservation Act 1999*.

Economic performance

Refer to the "Economic performance" section (pages 40–42).

Australia Post is a GBE established under the *Australian Postal Corporation Act 1989* (Cwlth).

The *Commonwealth Authorities and Companies Act 1997* also governs our relationship with our shareholder, the Commonwealth Government.

We provide an annual rolling three-year corporate plan to our shareholder, the Commonwealth Government.

Our financial accounts are audited by the ANAO.

The managing director and the EC share responsibility for the economic performance of the business.

Our employee communications strategy includes initiatives to communicate with staff on our annual results as well as important strategic issues.

The board and EC are regularly updated on performance and strategic issues through monthly business performance reviews. Since 2007–08, part of the at-risk component of remuneration for the managing director, EC and executives has included corporate responsibility-related performance indicators.

We report to two shareholder ministers in the Commonwealth Government: the Minister for Broadband, Communications and the Digital Economy, and the Minister for Finance and Deregulation.



Supporting the community after a disaster

The tragic events of Black Saturday 2009 will undoubtedly live on in the memory of Australians forever.

Australia Post was directly affected by the disaster, with three postal outlets destroyed in the bushfires, at Marysville, Kinglake West and Narbethong. In the face of this loss, we acted quickly by waiving the cost of mail redirections for people living in the fire-affected areas and establishing temporary postal facilities on-site at the Whittlesea Relief Centre.

We also played our part in rallying Australians to support the fire-affected communities. Within two days of Black Saturday, our managing director, Graeme John, announced that Australia Post would donate \$1 million to the Red Cross Victorian Bushfire Appeal – and that we would accept public donations to the fund through our retail network. In the months that followed, \$4.8 million was collected for bushfire victims via postal outlets throughout the nation.

Above: Graeme John, Australia Post Managing Director, is presented with a certificate of appreciation by Robert Tickner, Chief Executive Officer, Australian Red Cross.

Left: The Kinglake West Post Office was destroyed in the Black Saturday bushfires.



Our community

Australia Post is committed to investing in the communities where we operate – and where our people live and work.

Pages 14–15 contain more information on how we integrate into our management approach our goals and performance, policy, responsibilities, training and monitoring for community performance.

2008–09 Achievements

We completed a review of our national sponsorship and community programs and developed a strategy that will focus our community investment on issues most relevant to our business.

We contributed a total of \$7.46 million through our corporate community investment program (including cash, time, in-kind contributions and management costs).

To help the victims of the Victorian bushfires, we donated \$1 million to the Red Cross Victorian Bushfire Appeal and collected \$4.8 million in public donations via our outlets.

Together with our customers, we collected more than 500,000 printer cartridges for the Cartridges 4 Planet Ark recycling campaign.

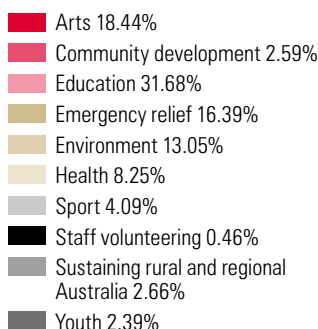
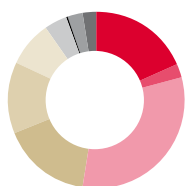
Challenges

Continuing to engage our workforce in our community investment programs.

Identifying unique community investment partnership opportunities that have a clear business case for our involvement.

Focusing on activities that are aligned with the three core areas of our community investment program.

Allocation of community investment 2008–09 (includes cash, time and in-kind contributions)



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

Community investment

Australia Post is a generous supporter of Australian communities. Our community investment activities have ranged from single donations for local community groups through to long-term partnerships with national charities and organisations.

During 2008–09, we reviewed our community investment portfolio and found that, while we supported a broad range of initiatives, our community investment program would benefit from a more focused approach. In response to this review, we have developed a community investment strategy that will create more opportunities for staff involvement and will align our activities with our brand values and business objectives.

Therefore, in the future our community investment programs will focus on the following three areas:

- 1 Educating young Australians
- 2 Supporting community environmental programs
- 3 Sustaining rural and regional communities.

Measuring our reach and impact

As part of our commitment to measuring and reporting our corporate community investment, this year we became a member of the London Benchmarking Group (LBG). The LBG model is the internationally recognised methodology of measuring, benchmarking and reporting on a company's community contributions and achievements. We are now using the LBG methodology for capturing and measuring our community investments throughout Australia. In 2008–09, we contributed \$7.46 million (in cash, time, in-kind contributions and management costs) through our community investment program. (See the pie graph at left.)

Our community

Educating young Australians

Australia Post has a long-standing commitment to creating learning opportunities and broadening educational access for young Australians through a range of education programs.

In September 2008, we marked 10 years of continuous sponsorship of National Literacy and Numeracy Week. This federal government initiative recognises the work of schools in raising literacy and numeracy standards among young people and showcases the work being done in Australian school communities.

Our Letter Link program promotes literacy by encouraging students to write letters to their favourite Australian Olympians. In 2008, we delivered more than 100,000 letters of support from school students to Australian athletes competing at the Beijing Olympics.

During the year, we launched our sponsorship of the Kids Teaching Kids program (see page 19).

Supporting community environmental programs

Australia Post supports a number of organisations to promote environmental awareness and facilitate community-based recycling initiatives.

During the year, we continued to support several recycling initiatives, including the recycling of printer cartridges via our outlets in association with Planet Ark (we collected 509,235 cartridges); the recycling of mobile phones as part of the MobileMuster program (we collected over 9,000 kilograms of phones and accessories); and the recycling of our superseded computers as a gold supporter of Green PC (310 computers).

In our efforts to engage our workforce, we participated in the pilot of The GreenHouse Games, a Sustainability Victoria initiative in which competing workplace teams take action at home to save energy and water and to reduce waste. More than 150 of our staff participated in the eight-week challenge.

Sustaining rural and regional communities

Australia Post has always played an important role in connecting regional and remote parts of Australia, so we see it as fundamental to our interests to invest in sustaining the nation's rural communities.

Our major rural and regional community investment is our sponsorship of Oz Opera, the touring arm of Opera Australia. This year, Oz Opera's production of *Madame Butterfly* performed in 29 regional and suburban centres in Victoria, Tasmania, New South Wales and South Australia. Our support enables Oz Opera to reach more communities in regional Australia. In addition, Oz Opera's Schools Company toured more than 300 primary schools in New South Wales and Victoria during the year, performing for around 80,000 students.

Since 2005, Australia Post has donated over \$170,000 in grants to community groups in regional areas through our partnership with the Foundation for Rural and Regional Renewal (FRRR). The Stretching the Envelope program offers grants of up to \$1,000 to regional community groups that support youth, education, arts and culture. In previous years, the grants were presented in Victoria and Tasmania, and this year we extended our partnership to include New South Wales.

Supporting our staff

Over recent years, we have actively encouraged our staff to give their time and financial support to local community groups through initiatives such as the Community Champion Award and Be Seen in Red and Green.

Workplace Community Giving program

During 2008–09, we designed our national Workplace Community Giving program, which was launched on 1 July 2009. The program encourages our staff to support the community by donating to our eight charity partners. Australia Post will match staff donations dollar for dollar, up to \$200 per staff member per annum.

There was extensive staff input into the design and development of this program. A Workplace Giving Advisory Group was established, with representation from all states, and over 2,000 staff completed a survey that informed the selection of cause areas and charities. Our goal is to have more than five per cent of employees contributing in the first year of the program.

Community Champion Award

This award recognises the voluntary work done by our staff, licensees and mail contractors in their local communities. Recipients of the award receive a \$100 gift voucher for their personal use and a \$1,000 cheque to donate to their chosen charity. Since launching the program, we have recognised 114 members of our workforce as Community Champions and donated \$114,000 to local community groups. In 2008–09, we presented 29 of our people with the award and donated \$29,000 to community groups.

Be Seen in Red and Green

This program encourages teams to work together and raise money for charity. From March 2008 to February 2009, staff raised over \$350,000, which was donated to 12 charities throughout Australia. The biggest single recipient of funds was Beyond Blue, which received a \$200,000 donation.

Outlook

In the future, we will continue to invest in community organisations that share our commitment to education, the environment and sustaining rural and regional Australia.

We expect to bring greater rigour to our community investment by focusing on these three core areas and through our measurement and reporting using the LBG methodology.

Our objectives for the year ahead include engaging our staff through the Workplace Community Giving program, encouraging more schools to participate in the Kids Teaching Kids program, and continuing our support for rural and regional communities.

Kids Teaching Kids

As part of our commitment to education, the environment and a sustainable future, Australia Post is now sponsoring the Kids Teaching Kids program. This education program, delivered through schools, encourages children to work together to identify and offer solutions to some of the environmental challenges facing their local community.

Kids Teaching Kids is unique because it uses learning styles that combine research, presentations and performance to build student resilience and optimism.

Through the program, students are learning about the environment and gaining confidence in their capacity to actively take part in bringing about change for the better.





Indigenous employment strategy

When Paul Saylor first started working as a postal delivery officer in Perth in 1988, Australia Post had only just launched its first Indigenous employment strategy. In the 20 years since, Paul's career has gone from strength to strength – and Australia Post has established itself as one of the nation's leading employers of Indigenous Australians.

Paul is one of more than 4,000 Indigenous Australians who have worked at Australia Post during that 20-year period. Now working as a postal delivery controller at Perth's Midlands Delivery Centre, Paul says Australia Post has always been an "excellent" employer. "Once you get your foot in the door, there are all sorts of opportunities at Australia Post. They've really encouraged me to learn new skills and to take on new challenges," he says.

During the reporting period, Australia Post renewed its commitment to providing genuine long-term job opportunities for Indigenous Australians by relaunching its Indigenous employment strategy and offering a new traineeship program that supports Indigenous youth in the transition from school to work.

Our people

Australia Post has a broad range of policies and programs that are designed to create a safe, harmonious and rewarding work environment for our team of 35,509 employees.

Pages 14–15 contain more information on how we integrate into our management approach our goals and performance, policy, responsibilities, training and monitoring for our people.

2008–09 Achievements

Our employee turnover rate fell from 12.3 per cent to 9.5 per cent.

Employee attendance remained stable at 94.6 per cent.

We committed to a new Indigenous employment strategy, including 100 traineeships for Indigenous youth.

We maintained our enterprise agreement commitment to provide job security.

This year's Staff Attitude Survey recorded improvements in the employee engagement measure from 60 per cent to 70 per cent and job satisfaction from 61 per cent to 66 per cent.

Challenges

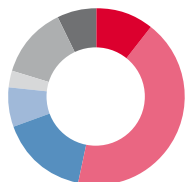
Attracting and retaining the staff and skills to sustain our operations as our workforce ages.

Reducing the incidence of workplace injuries.

Managing our way through the current economic downturn in a way that minimises any negative employment impact.

Engaging our people on corporate responsibility issues, including promoting behavioural change that saves energy and reduces waste.

Employment by occupation



Administration	10.8%
Mail delivery	42.6%
Mail processing	16.3%
Other (incl. parcels, technical, logistics)	7.0%
Postal outlet manager	3.2%
Retail	13.0%
Transport	7.1%

People management

Because of the nature of Australia Post's activities and our community service obligations, we have always been a labour-intensive business. The effective management of our human resources is, therefore, of vital importance to our brand strength, community engagement, service performance and financial returns.

Over several decades, we have developed a set of policies and programs that are designed to protect and reward our people – including progressive industrial relations policies; proactive management of occupational health and safety; continuation of our successful injury management, rehabilitation and return-to-work programs; a strong commitment to diversity; structured workplace learning; and effective grievance procedures. For more information, refer to the disclosure on management approach on pages 14–15.

Employee profile

During 2008–09, the total number of employees working at Australia Post increased slightly to 35,509 (up 0.7 per cent on last year). At the end of the financial year, we had 25,149 full-time employees and 10,360 part-time employees. The small increase in employees this year was mainly due to growth in mail delivery requirements (because of the expanding number of delivery points) and additional work in the Information Technology Group (as the result of a major IT transition project).

Our Postal Delivery Officers (PDOs) are the largest occupational group, with 42.6 per cent of our staff employed for the purpose of delivering mail. The next four largest occupational groups at Australia Post are mail-sorting staff (16.3 per cent of all employees), retail (13.0 per cent), administration (10.8 per cent), and transport (7.1 per cent).

Our people

Indirect employment

Australia Post's retail workforce is augmented by 28 franchisees, 2,941 licensees (many of whom employ other people in their postal outlets) and another 637 community postal agents. We also engage 5,137 mail delivery contractors. The contribution made by our contractors, licensees, franchisees and agents is not included in the employment data presented in this report.

Employment (by region and type)

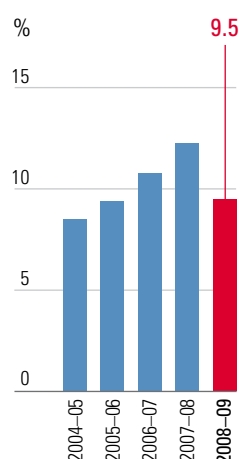
	Full-time	Part-time	Total
NSW/ACT	8,758	3,523	12,281
Vic/Tas	5,902	3,141	9,043
Queensland	3,764	1,781	5,545
WA	2,201	1,005	3,206
SA/NT	1,525	770	2,295
Headquarters*	2,999	140	3,139
Total	25,149	10,360	35,509

*Headquarters includes head office areas and select other operating areas.

Employee turnover

In 2008–09, employee turnover declined from 12.3 per cent to 9.5 per cent. This fall in our employee turnover reflects our strong staff engagement and job satisfaction as demonstrated in results from our last Staff Attitude Survey.

Employee turnover
(five-year comparison)



In total, 3,218 permanent staff ceased their employment with Australia Post during 2008–09. During the same period, 2,136 permanent staff and 3,684 fixed-term and casual staff were recruited to join the corporation for varying periods of tenure.

The turnover rate for women (10.2 per cent) was slightly higher than for men (9.1 per cent). This small difference is mainly because women make up a larger proportion of our part-time employees.

Employee turnover rates varied throughout the nation. Western Australia (14.7 per cent) and Queensland (12.6 per cent) both had higher than average turnover rates, driven by changes in the resources industries that have created particularly tight labour market conditions in those states.

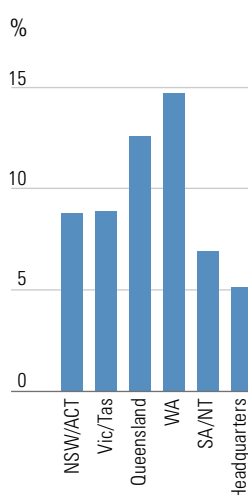
Age management strategy

We expect that age management will be an ongoing challenge for Australia Post as the economic situation improves and the labour market tightens (once again). For this reason, we have adopted a formal age management strategy, which guides our approach to attracting and retaining staff.

The strategy focuses on five key areas:

- 1 Providing working flexibility
- 2 Providing learning and development opportunities for staff
- 3 Encouraging the health and wellbeing of staff
- 4 Assisting staff with key life transitions
- 5 Ensuring the transfer of knowledge within the corporation.

Employee turnover
by region (2008–09)



No involuntary redundancies

Despite the economic slowdown, there were no involuntary redundancies involving award-level staff at Australia Post during 2008–09. This commitment to securing the jobs of staff is in line with the Redundancy, Redeployment and Retraining Agreement that has applied at Australia Post since 1995.

Maternity and paternity leave

Women employed by Australia Post (with 12 months' qualifying service) are entitled to maternity leave before and after giving birth, up to a maximum of 52 weeks. The first 13 weeks of this leave period are on full pay, with the remaining 39 weeks without pay.

The retention rate for staff returning from maternity leave over the two-year period 2007–08 and 2008–09 was 92.3 per cent. The reason for reporting data over a two-year period is to account for the extended leave.

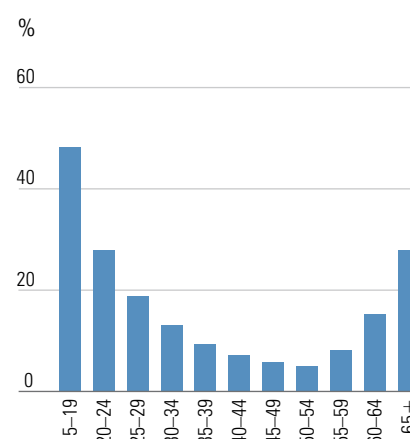
Men employed by Australia Post are entitled to up to 52 weeks' unpaid paternity leave to care for their newborn child.

Diversity and equal opportunity

Australia Post's workforce reflects the rich diversity that exists in the broader multicultural Australian community.

With some 135 nationalities represented in our workplaces, we acknowledge that business performance and productivity are enhanced when equitable employment practices are promoted and individual difference is valued. Our commitment to creating an inclusive and diverse workplace is enshrined in our Workforce Diversity Business Strategy 2008–2011.

Employee turnover
by age group (2008–09)



Equal employment opportunity

We are continually seeking to broaden the diversity of our workforce by offering employment opportunities to demographic groups that have traditionally comprised a minority in our workplaces. Four of the demographic categories that we track via our EEO program are: women, Indigenous Australians, people with disabilities, and people from non-English speaking backgrounds.

In 2008–09, the representation of three of these categories remained relatively consistent. Women now comprise 40.1 per cent of all staff (40.3 per cent last year). Indigenous Australians employed or undertaking traineeships comprise 1.7 per cent of all employees (1.7 per cent last year). People with disabilities make up 8.4 per cent of our staff (8.5 per cent last year).

The representation of employees from non-English speaking backgrounds increased from 22.1 per cent to 22.6 per cent of all staff.

Diversity profile (30 June 2009)

	Number of employees	Proportion of all employees %
Total staff	35,509	100
Men	21,274	59.9
Women	14,235	40.1
Indigenous Australians*	605	1.7
People with disabilities	2,983	8.4
People from non-English speaking backgrounds	8,036	22.6

*Includes 33 trainees.

Employee age (by gender) (30 June 2009)

	Number of employees	Proportion of all employees %
Under 30 (male)	2,037	5.7
Under 30 (female)	1,566	4.4
Total under 30 years	3,603	10.1
30–50 years (male)	11,333	31.9
30–50 years (female)	8,124	22.9
Total 30–50 years	19,457	54.8
Over 50 (male)	7,904	22.3
Over 50 (female)	4,545	12.8
Total over 50 years	12,449	35.1

Indigenous employment

We marked the 20th anniversary of our Indigenous employment strategy by relaunching the strategy in September 2008. As part of the relaunch, we committed to offering 100 school-to-work traineeships for Indigenous youth. Our Indigenous employment program is supported by dedicated Indigenous employment consultants in each state. (See case study on page 20 for more information.)

In November 2008, Australia Post received the National Diversity and Inclusion Award – Indigenous Australians (in the “large organisation” category) from Diversity@Work. The award was given for our demonstrated commitment to employing Indigenous Australians.

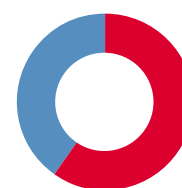
Eliminating discrimination and harassment

Thousands of Australia Post employees received training during the year in the prevention of workplace harassment, discrimination and bullying. We informed staff of their workplace behavioural responsibilities by distributing three information brochures covering the following topics: *Gossip, rumour and innuendo at work* (August 2008); *Your rights and responsibilities at work* (October 2008); and *Workplace culture* (April 2009). This material was supported by the distribution of briefing points for managers, which they could use in presentations to their teams.

135

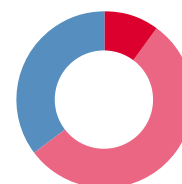
– the number of nationalities represented in our workforce

Gender representation in workforce



Men 59.9%
Women 40.1%

Age representation in workforce



Under 30 years 10.1%
30–50 years 54.8%
Over 50 years 35.1%

Occupational health and safety

Our primary responsibility as an employer is to provide a safe, secure and healthy working environment for our workforce. For this reason, we operate a comprehensive and systematic occupational health and safety (OH&S) 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.

Over many years, our program of OH&S initiatives has helped Australia Post to achieve consistent year-on-year reductions in our lost time injury frequency rate (LTIFR). Our LTIFR increased this year for the first time since 1997. In 2008–09, we had 7.1 lost time injuries per million work hours (up from last year's record low of 6.6). An increase in the number of incidents involving our motorcycle postal delivery officers was a major component of this rise.

As part of our everyday operational activities, we have a range of audit programs and observational procedures that are designed to identify workplace hazards and eliminate them before they cause injury. We have a particular focus on preventing the most commonly occurring injuries in our workplaces, which involve manual handling, the operation of load-shifting equipment and the use of motorcycles for mail delivery.

We introduced a range of new OH&S programs during the year, including:

- national standards for monitoring and controlling the risk of fatigue among drivers of heavy vehicles
- a simplified procedure for assessing the risks and hazards associated with ad hoc maintenance tasks
- a new audit process for monitoring compliance with the daily pre-ride motorcycle inspection program for PDOs.

Attendance

The level of employee attendance remained stable during the year at 94.6 per cent (the same result as last year). We continued our focus on managing absenteeism by using national attendance guidelines and focusing on initiatives that promote workforce 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 tangible quality-of-life benefits.

We operate 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). We also conducted seminars during the year for managers and supervisors to improve their awareness of domestic violence and mental health issues.

Rates of injury, occupational disease, lost days and fatalities

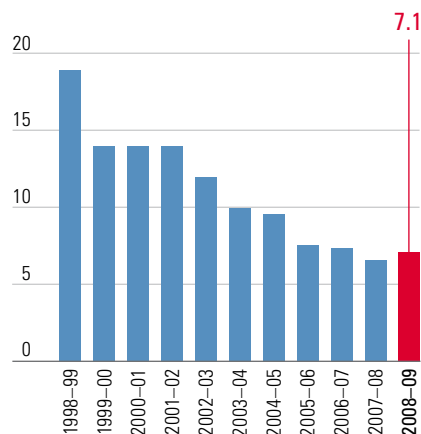
	2007–08	2008–09
Injury rate (IR) ¹	4.6	4.8
Occupational disease rate (ODR) ²	1.05	0.95
Lost day rate (LDR) ³	0.0011	0.0016
Fatalities (number)	1	1
Fatality rate (per million km)	0.005	0.005

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 (lost time employee illnesses) 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.

Lost time injury frequency rate (LTIFR) per million work hours



Labour relations

Since 1992, Australia Post has successfully negotiated six enterprise bargaining agreements (EBAs) with the two key unions that represent our staff: the Communications Electrical Plumbing Union (CEPU) and the Community and Public Sector Union (CPSU). In October 2007, we reached agreement with these two unions on our seventh EBA, but they subsequently withdrew their support. This prevented us from holding a staff ballot and ratifying the agreement.

Despite the unions' decision to withdraw their support for the agreement, Australia Post continued to pay the salary increases that were outlined in the original EBA7 pay offer. As a result, eligible staff received a 4 per cent pay rise in August 2008. All eligible staff are also due to receive a \$500 performance bonus in September 2009 as reward for their role in helping the corporation to exceed its 94 per cent target for on-time letter delivery during 2008–09.

In the absence of a new enterprise agreement, EBA6 continues to apply to our employees and it establishes the framework for our consultations with the CEPU and the CPSU. About 96 per cent of our staff are covered by this collective agreement.

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 – indeed we have always respected this right in our workplaces. Part of our commitment to respecting the freedom of association of our staff is that we do not keep records of employee union membership.

The following trade unions are parties to our awards and enterprise agreements:

- The Communications Electrical Plumbing Union (CEPU).
- The Community and Public Sector Union (CPSU).
- The Association of Professional Engineers, Scientists & Managers, Australia (APESMA).
- The Australian Manufacturing Workers Union (AMWU).
- National Union of Workers (NUW).
- Transport Workers Union (TWU).

Staff engagement

In February 2009, Australia Post engaged independent research providers Towers Perrin-ISR to conduct a comprehensive Staff Attitude Survey. A total of 25,587 staff voluntarily participated in the survey. This equates to a response rate of 73.5 per cent of our employees.

The survey results showed significant improvement across 13 of the 14 survey areas. This is the biggest and most consistent improvement in staff attitudes since 2005. The categories that showed the most marked improvement included job satisfaction, performance management, ethics and values, change management and leadership.

The survey results found that our staff engagement score is 70 per cent. This means that 70 per cent of our people are supportive of our corporate goals and values, demonstrate workplace pride, are willing to exert extra effort and intend to remain working with Australia Post.

It was also encouraging that the majority of our staff thought Australia Post was socially

responsible in the community (80 per cent) and an environmentally responsible organisation (71 per cent).

Outlook

Our planning for future workforce requirements is outlined annually in a rolling three-year strategy that is presented to the board of Australia Post. The latest HR Support Plan (for 2009–12) was endorsed in June 2009. A key focus of this year's plan is creating greater workforce flexibility in order to achieve both commercial advantage and lifestyle benefits for our employees. As our workplace becomes more flexible, we expect to improve our employee retention and attendance rates.

After 15 years of consistently reducing our LTIFR, we were disappointed by the rise in workplace injuries this year. Hence, we will increase our OH&S efforts over the coming year to reduce our LTIFR in 2009–10.

We will continue to negotiate with the relevant unions in an attempt to gain their endorsement for the EBA7 offer. However, if we do not receive endorsement from the unions, we will honour the pay increases that are due to our employees as reward for their daily contribution to our business. Three more pay rises are due under the EBA7 offer: a 4 per cent increase in August 2009, then two increases of 2 per cent in August and December 2010.

In 2009–10, we will begin a national internal communication campaign that seeks to inform our people of our approach to corporate responsibility and practical steps they can take to become more energy efficient at home and in the workplace.



Eliminating plastic bags

This year, we began to phase out the use of plastic shopping bags in outlets nationwide.

As the removal of plastic bags from our outlets is completed, our customers will be able to choose from two options: the reusable “green” bag, which is made from polypropylene and has been on sale (for \$1) in our outlets since 2007; or a lighter, 40-cent polypropylene bag, which was introduced in June 2009.



Our products and services

Our products and services touch the lives of millions of Australians every day. As part of our corporate responsibility strategy, we are committed to sustainable sourcing practices and offering responsible and valued products and services.

Pages 14–15 contain more information on how we integrate into our management approach our goals and performance, policy, responsibilities, training and monitoring for our products and services.

2008–09 Achievements

We met or exceeded all of the regulated performance standards that are used to measure our compliance with our community service obligations.

We maintained high levels of customer approval, with overall business customer satisfaction at 96 per cent.

We increased the recycled content and the recyclability of our packaging and packaging products from 90 per cent to 91 per cent.

We began to phase out plastic shopping bags at our postal outlets.

Challenges

Working with business customers and mail generators to enhance the sustainability of the mail channel.

Improving our handling of customer enquiries and complaints.

Embedding sustainability principles into our purchasing and business decisions.

Providing a community service

Australia Post is required by law to provide a letters service for both domestic and international letter traffic that meets “the social, industrial and commercial needs of the Australian community”. Under our community service obligations (CSOs), we are required to provide a letters service that is “reasonably accessible to all” Australians and that is “available at a single uniform rate” within Australia (currently 55 cents). Our CSOs are outlined in the *Australian Postal Corporation Act 1989* (Cwlth) – and our performance standards are contained in regulations that have been made under section 28C of the Act.

In 2008–09, we met or exceeded all of our CSO performance standards, including delivering at least 94 per cent of domestic letters on time. (We delivered 95.5 per cent of domestic non-bulk letters on time or early this year.) A summary of our performance against our key CSO targets is contained in the table below.

Regulated performance standard

	2006–07	2007–08	2008–09
Maintain 10,000 street posting boxes*	15,606	15,878	16,055
Maintain 4,000 retail outlets*	4,449	4,453	4,433
Maintain 2,500 retail outlets in rural and remote areas*	2,553	2,561	2,541
Deliver 94% of domestic letters on time	96.3%	95.9%	95.5%
Ensure 90% of metropolitan residences are within 2.5km of a postal outlet*	94.2%	93.4%	93.4%
Ensure 85% of non-metro residences are within 7.5km of a postal outlet*	86.7%	87.5%	87.5%
Deliver mail five days a week to 98% of delivery points*	98.7%	98.8%	98.8%
Deliver mail two days a week to 99.7% of delivery points*	99.9%	99.9%	99.9%

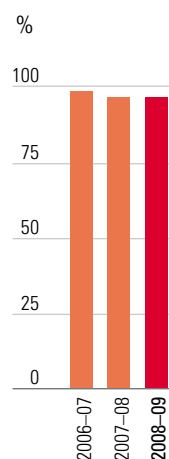
* Results as at end of financial year(s).

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 110.

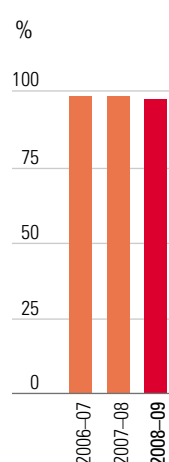
96%

overall business
customer satisfaction
with Australia Post



97%

overall residential
customer satisfaction
with Australia Post



Community consultation

As a result of changing demographics, postal services occasionally need to be modified. This may result in postal facilities being opened, converted (to a licensed post office or franchise), relocated, consolidated or closed. These decisions are considered to be part of Australia Post's business planning processes and within our charter to operate in a commercial manner.

When there is a potential impact on the local community from proposed changes, Australia Post aims to inform relevant local stakeholders of the reasons for the change and to consider a diverse range of 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.

During the reporting period, we conducted a review of this consultation process with the objective of enhancing existing processes and establishing nationally consistent guidelines for assessing the community impact of proposed local changes to our postal facilities, network and product and services. The revised procedures – called Community Participation Procedures – are to be introduced in 2009–10.

A summary of the total number of retail outlets in our network is contained in the statistics section at the end of our annual report, including openings, conversions and closures during 2008–09. Go to: auspost.com.au/annualreport

Other policies and procedures are complementary to our community consultation processes. These include the removal or relocation of street posting boxes – covered by our Street Posting Box Policy – and the community mail polling process, which seeks to quantify support for changes to local delivery arrangements. During the reporting period, the Postal Industry Ombudsman published a report on our current polling procedures and, as a result, Australia Post accepted a recommendation to conduct a review of its approach to community mail polling.

To read the Street Posting Box Policy, go to: auspost.com.au

Customer satisfaction

Australia Post commissions independent market research to measure 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 (see table below) reveal that we maintained high levels of customer satisfaction across key customer segments in 2008–09.

Business customer satisfaction with Australia Post

	2006-07 %	2007-08 %	2008-09 %
Satisfaction with letter and postal services	97	96	96
Satisfaction with retail outlets	97	97	96
Satisfaction with customer contact centres	92	89	85
Overall satisfaction with Australia Post	98	96	96

Residential customer satisfaction with Australia Post

	2006-07 %	2007-08 %	2008-09 %
Satisfaction with letter and postal services	97	97	97
Satisfaction with retail outlets	96	96	95
Satisfaction with customer contact centres	81	79	84
Overall satisfaction with Australia Post	98	98	97

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

Note: Results for 2006–07 and 2007–08 vary slightly from this year as we are now reporting on financial year results, rather than the year ending April, as has been reported previously.

Handling customer complaints

During the reporting period, Australia Post operated six state-based customer contact centres that handled a wide range of queries about our products and services, as well as customer complaints. In 2008–09, the customer contact centres received 5.74 million telephone enquiries (including an estimated 510,000 complaints). Customer complaints were resolved within an average of 5.06 days, thereby exceeding our Customer Service Charter commitment to resolve complaints within an average of 10 days.

In May 2009, we announced an upgrade of our contact centre system, which will enable us to introduce nationally consistent procedures, reduce waiting times and improve the accuracy of information given to our customers. As part of this upgrade, we will be consolidating six contact centres into two sites in Melbourne and Brisbane during 2009–10. All call centre staff working in Sydney, Adelaide, Perth and Hobart will be given the opportunity to be retrained and/or redeployed into other areas of Australia Post.

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.

Each year, the Commonwealth Ombudsman includes in their annual report details of the quantity and nature of complaints received by the PIO. During the reporting period, the PIO issued particular reports on matters relating to Australia Post's mail redirection service, community mail polling procedures, and the use of notification cards. For more information, go to: www.pio.gov.au

Protecting customer privacy

Australia Post employs a full-time chief privacy officer, who is responsible for maintaining a national privacy program, which is designed to make sure the corporation complies with the *Privacy Act 1988*, the *Spam Act 2003* and the *Do Not Call Register Act 2007*. In 2008–09, there were no determinations issued against Australia Post by any of the federal, state or territory privacy commissioners.

During the year we continued implementing changes to our IT systems, policies and procedures as part of a program to achieve compliance with the Payment Card Industry Data Security Standard. Issued by the credit card industry, the standard establishes a set of data protection guidelines that are designed to eliminate the risk of fraud and financial loss and to protect the privacy of credit card holders.

We also finalised our data loss prevention strategy during the year, and this will result in a major IT software investment in 2009–10 that will help us to further secure confidential customer data and personal information.

Legal compliance

We have a dedicated Legal Services Group with responsibility for advising the corporation regarding the application of relevant laws and regulations that apply in the various jurisdictions in which we operate. In 2008–09, there were no reported incidents of material non-compliance or fines in relation to the provision or use of our products and services.

Trade practices compliance

Australia Post operates a comprehensive trade practices compliance program, which has been in place since 1998. There are two key components to this program – biennial

staff training and an advertising clearance procedure. These are designed to maintain our reputation as one of the nation's most trusted and reliable corporations.

During the year, we provided job-specific trade practices training to 5,480 counter staff working in our retail network. Between July and November 2008, about 400 staff received face-to-face training that focused on the "fair trading" provisions of the *Trade Practices Act 1974*. These staff were selected for training because their job requires them to make representations about Australia Post to our customers. In May and June 2009 a further 80 senior managers (including all members of the Executive Committee) participated in face-to-face training that focused on the "cartel and competition" provisions of the Act.

Our online trade practices training program was amended and updated during the year in preparation for a national roll-out once the new cartel conduct provisions become law.

All advertising, promotional and marketing material (including material for our website) that is released by the corporation is subject to a three-stage trade practices clearance process. At a national level, this means that 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.) This year, 999 advertisements and promotional items were reviewed via the trade practices clearance process.

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



Sustainable sourcing

We made several changes to our procurement procedures and supplier contract templates this year in an effort to deliver on the fourth goal of our corporate responsibility strategy – to “integrate sustainable sourcing across our supply chain”. These changes are intended to deliver cost savings, mitigate our risks and provide improved sustainability outcomes.

As a result of changes we made to our procurement procedures during the year, our sourcing staff now consider sustainability impacts when evaluating suppliers for certain goods and services. Under this new approach, we have identified five purchasing categories that have the highest sustainability impact (goods, equipment, fleet, travel and distribution). Tenders related to these purchasing categories are usually given a higher sustainability weighting.

During 2008–09, we also developed a supplier code of conduct, which outlines our expectations of suppliers. The code, which is progressively being included in all of our major contracts, requires a commitment from suppliers to a range of ethical, employment, social and environmental standards of conduct.

The letters service

As the provider of the nation’s letter delivery service, we recognise that we have a responsibility to lead the industry in minimising the environmental impact of the letters service. For this reason, in early 2008, we commissioned KPMG to investigate how we could support the mail industry in “greening the letters value chain”.

As a result of this work, we have developed a range of mail industry initiatives that are designed to reduce waste and encourage the use of recycled materials in the mail production process. During the year:

- we released a brochure titled *Envelopes going green?* to advise the industry on choosing envelope paper stocks, sealing gums, dyes, inks and window-face films that will minimise the impact on the environment (go to: mailmarketing.com.au)
- we worked with the Australian Direct Marketing Association on developing its environmental guidelines for the Australian marketing industry
- we developed the *Going Green* booklet for the ourcommunity.com.au website, which contains tips on reducing the environmental impact of mail for community groups and businesses.

Charity Mail

Australia Post recognises that mail is a valued medium for charities, which use letters to communicate directly with their supporters, members and donors. Our Charity Mail service enables registered charities to access discounted postage rates when lodging bulk mail.

Australia Post-branded products and packaging

We sell a range of Australia Post-branded products and mail packaging products in our outlets, including the Postpak and Post Office Supplies brands. When considering the design and manufacturing of these products, we seek to increase the use of recycled materials as well as the recyclability of our products. Thus we have gradually decreased the amount of waste that is going to landfill.

The ratio of product-to-packaging content for Australia Post-branded products is 20.4:1. This relatively low product:packaging ratio reflects the fact that many of the products that are sold in our outlets do not have any packaging at all.

At Australia Post, we use packaging around the products we sell, but we also sell mail-packaging products (such as the Postpak range). Almost half of the input materials (41 per cent) in our packaging and mail-packaging products are derived from recycled sources. And 91 per cent of our packaging and packaging products are recyclable.

During the year, we introduced several initiatives that increased the recycled content of our mail-packaging products, while also improving the ability of these products to be recycled after use. For example, we introduced a new Postpak padded bag that uses recycled, shredded newspaper for padding as a substitute for LDPE bubble wrap. This product can be fully recycled through kerbside recycling. We also introduced smaller (yet stronger) “bubble” in some of our bubble wrap products. This change enables us to fit more rolls of bubble wrap in a box, which saves on transport, packaging and display space.

Recycled materials in Australia Post-branded products

	2006–07 %	2007–08 %	2008–09 %
Percentage of input materials that are recycled	28	42	41
Percentage of packaging and packaging products that are recyclable	91	90	91

Tonnes of material used in Australia Post-branded products

	Recyclable/ non-recyclable	Locally produced	Imported packaging	Total materials used	Per cent of recycled content
Paper	Recyclable	4,011.12	603.39	4,614.51	42.4
Cardboard (standard)	Recyclable	2,056.17	274.81	2,330.98	45.8
Composites	Non-recyclable	0	0.73	0.73	0
Plastics: Type 3 (PVC)	Recyclable	0	1.53	1.53	0
Plastics: Type 4 (LDPE)	Non-recyclable	372.43	308.35	680.78	21.0
Plastics: Type 5 (PP)	Non-recyclable	21.40	5.03	26.42	46.7
Plastics: Type 6 (PS) + Type 7 (Other)	Non-recyclable	0	2.28	2.28	0

All of the 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.

Living Green 8 July 2008



AAT: Poles and Glaciers 4 March 2009



Earth Hour 11 March 2009



WWF: Dolphins of the Australian Coastline 26 May 2009



Stamp issues

Australia Post promoted environmental awareness via a number of stamp issues during 2008–09.

As part of an initiative involving more than 30 postal administrations, we released the AAT: Poles & Glaciers stamp series in March 2009 to highlight the importance of the Earth's poles and glaciers.

We issued three stamps in March 2009 to mark Earth Hour. This annual event was initiated to raise awareness of global warming and demonstrate how the small actions of individuals can make a big difference to reducing greenhouse gas emissions.

In May 2009, we released the Dolphins of the Australian Coastline stamps in partnership with the WWF (the World Wide Fund for Nature Conservation). These stamps form part of the WWF's worldwide stamp series, which is raising awareness of species at risk of extinction or whose habitat is endangered.

Go to: stamps.com.au

Outlook

At Australia Post, we are actively seeking to develop new products and services that demonstrate our commitment to corporate responsibility and that also deliver social and environmental benefits to our customers and the Australian community.

Over the coming year, we will release a *Greening your mail* guide for the mail industry, which will contain guidelines, principles and advice on how to manage the emissions and waste involved in the production of bulk mail. We also plan to replace some of our plastic product satchels with satchels made from biodegradable material.

We will conduct a series of "lifecycle assessments" of letter delivery products to help us identify carbon reduction initiatives and opportunities.

With regard to integrating sustainable sourcing across the business, we will be placing a greater focus on our retail supply chain in the coming years to ensure that sustainability considerations are taken into account in the procurement of retail goods.



Moving to new headquarters

Environmental considerations have featured prominently in the design and fit-out of Australia Post's soon-to-be-opened headquarters at 111 Bourke Street, Melbourne.

The building has achieved a five-star Green Star rating for construction, and Australia Post has worked closely with the building's owners and developers over the past year to create a fit-out that will reduce energy consumption and minimise our carbon footprint.

The energy-saving features of the fit-out include an open-plan design with greater access to natural light; fluorescent lighting systems that turn off automatically when not required; the installation of energy-efficient printers, fridges and microwaves; the consolidation of printing, copying and scanning machines; and improved access to bike storage and shower facilities.

We will consolidate five existing Melbourne CBD offices into this new headquarters building, and staff will begin relocating in November 2009.

Environmental performance

Australia Post has been actively measuring its environmental impact for more than 10 years – and “minimising our environmental footprint” is now enshrined as the first goal of our corporate responsibility strategy.

Pages 14–15 contain more information on how we integrate into our management approach our goals and performance, policy, responsibilities, training and monitoring for our environmental performance.

2008–09 Achievements

Total greenhouse gas emissions fell by 2 per cent.

Gained a better understanding of the full environmental footprint of our operations by collecting data on our Scope 3 greenhouse gas emissions.

Developed a green building strategy that will guide our approach to managing the environmental performance of our real estate portfolio.

Participated in international postal sector benchmarking through the International Postal Corporation’s first environmental measuring and monitoring benchmarking program.

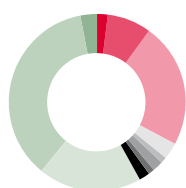
No incidents, fines or penalties were recorded during the year in regard to environmental laws.

Challenges

Reducing fleet emissions at a time when our delivery workload is growing by around 200,000 new addresses each year.

Implementing our facility-based energy efficiency opportunities.

Scope 1, 2 and 3 greenhouse gas emissions by source



■	Business travel 2%
■	Diesel 8%
■	Electricity 23%
■	Electricity generation and transfer 3%
■	Fuel production 1%
■	LPOs electricity consumption 2%
■	Natural gas 1%
■	Petrol 2%
■	Subcontracted road transport 19%
■	Subcontracted air transport 36%
■	Waste disposal 3%

Environmental management

Our environmental management system, which we introduced in 1997, provides a framework for managing our environmental risks. In managing those risks, our approach is to go beyond compliance. Hence, we adopt all relevant federal and state legislation as our minimum standard and remain committed to transparency, consistency and accuracy in our environmental decision-making and reporting.

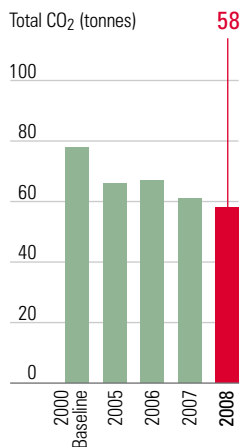
In 2008–09, no environmental incidents (such as spills) were recorded at our properties and we did not receive any fines or penalties relating to our environmental performance.

Monitoring and reporting emissions

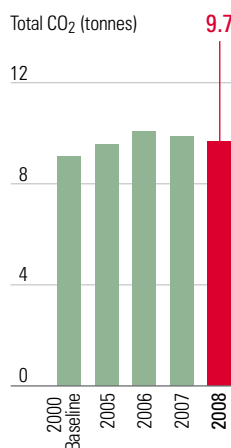
Measuring our environmental performance is not only necessary for the purposes of public reporting and regulatory compliance, it is also an important diagnostic tool that we use to identify opportunities for reducing the environmental impact of our operations.

At Australia Post, we have been monitoring our greenhouse gas emissions since 1997, when we voluntarily joined the Federal Government’s Greenhouse Challenge Program. For reporting purposes, the *National Greenhouse and Energy Reporting Act 2007* (the NGER Act) has now superseded the requirements of the Greenhouse Challenge Program.

Greenhouse gas emissions per \$ million of operating cost*



Greenhouse gas emissions per full-time equivalent employee*



*Due to changes in reporting requirements under the NGER system, the historical data in this graph has been restated (from last year's annual report) to align with the new reporting standard. Hence, the data in this graph enables meaningful comparison of performance over time. Due to data availability constraints, the graphs above represent our greenhouse gas emissions based on the calendar year, while our operating cost and employee numbers are based on the financial year.

Reporting period

The emissions data presented in this report relates to the 2008 calendar year (unlike the rest of this report, which relates to the financial year). Calendar-year data is used because accurate data cannot be obtained in time to meet the publishing deadline.

Scope

Until this reporting period, Australia Post has publicly reported its emissions from stationary energy, waste and fuel. The changeover to reporting under the Federal Government's *National Greenhouse and Energy Reporting Act 2007* system has altered the way we report on our emissions. Beginning this year, we will publicly report on our Scope 1 (direct emissions – fuel and natural gas) and Scope 2 (indirect emissions – electricity) emissions, and we are expanding our Scope 3 reporting to provide a more complete picture of our carbon footprint (other indirect emissions, including subcontracted transport and waste).

Boundary

The emissions boundary we use for the "Environment" section of this report includes the Australian Postal Corporation, Post Logistics Australasia and our subsidiary businesses with operations solely in Australia. The activities of our licensees, franchisees and mail contractors are included in the calculation of our Scope 3 greenhouse gas emissions. We have not included emissions from our joint-venture businesses (as they report on their environmental performance independently) or our wholly owned subsidiaries with international operations (PrintSoft). Our joint ventures and subsidiaries would contribute less than 1 per cent of total emissions.

Auditing of data

External auditors review our environmental data every four years. Beginning this year, Australia Post's corporate audit function is auditing the environmental data in this report. We will also be externally audited in the future to ensure compliance with the NGER Act and the Energy Efficiency Opportunities (EEO) Act. All audits to date have confirmed that we meet or exceed the 95 per cent accuracy rate that is required to comply with the EEO Act.



Greenhouse gas emissions

At Australia Post, we acknowledge that our operations and activities generate greenhouse gas emissions that contribute to climate change. Over the past decade, our emissions reduction program has saved approximately 400,000 tonnes of carbon dioxide equivalent (CO₂-e).

For the 2008 calendar year, our total Scope 1 and 2 emissions were 302,612 tonnes of CO₂-e. This represents a 2 per cent reduction in emissions on the previous year and is mainly due to a reduction in business activity. We saved 75,001 tonnes of CO₂-e (766,000 gigajoules of energy) as a result of the greenhouse gas initiatives implemented when we began our greenhouse program.

Due to the variation in our business activities, no single key performance indicator (KPI) can provide a true measure of our carbon efficiency, so we have included three new KPIs that will enable a more meaningful comparison of our performance over time. The measures are tonnes of CO₂-e per million dollars of operating cost, tonnes of CO₂-e per full-time equivalent employee, and kilograms of CO₂-e per square metre of floor space. This year, our emissions per million dollars of operating cost are down from 61 to 58 in the previous reporting period and our emissions per full-time equivalent employee are 9.7, an improvement on last year's figure of 9.9. See page 37 for the results of our building efficiency KPI.

International sector benchmarking

During 2008, the International Post Corporation (IPC) launched a benchmarking tool that provides the global postal industry with a common carbon measurement and reporting framework. Australia Post participated in the pilot of this IPC tool by submitting data that enabled a comparison of our environmental footprint with 24 major postal administrations from developed countries. The results showed that we were ranked 10 per cent above the IPC average score and were the best performing non-European postal administration.

Greenhouse gas emissions (tonnes) – by source

	Emission source	2000 Baseline	2005	2006	2007	2008
Scope 1 – Direct emissions	Natural gas	5,503	5,501	5,882	5,194	5,490
	LPG – non-transport	91	204	188	603	665
	Heating oil	54	80	53	46	0
	Diesel	60,844	70,235	69,227	68,336	67,718
	Petrol	14,555	15,527	15,711	15,367	14,578
	LPG transport	0	0	0	14	978
	Total	81,047	91,547	91,061	89,560	89,429
Scope 2 – Indirect emissions	Electricity	212,161	206,964	222,256	218,744	213,183
	Total	212,161	206,964	222,256	218,744	213,183
Scope 1 & 2 emissions	Total	293,208	298,511	313,317	308,304	302,612
Scope 3 – Other indirect emissions ³	Electricity generation and transfer	30,281	30,185	33,393	30,477	28,368
	Natural gas production and transfer	1,587	1,701	1,825	1,434	1,150
	Fuel production	8,170	9,298	9,326	9,365	6,330
	Subcontracted road transport	–	–	–	–	165,239
	Subcontracted rail transport	–	–	–	–	414
	Subcontracted air transport	–	–	–	–	325,511
	Subcontracted ship transport	–	–	–	–	19
	Business travel	–	–	–	–	13,814
	LPOs electricity consumption	–	–	–	–	13,932
	Waste disposal	27,274	20,672	18,490	33,184	29,641
Scope 3 emissions	Total	–	–	–	–	584,418
Scope 1, 2 & 3 emissions	Total	–	–	–	–	887,030

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 Due to the changeover to reporting under the NGER system, the historical data in this table has been restated (from last year's annual report).

Hence, the data in this table enables meaningful comparison of performance over time.

3 For many of the Scope 3 measures, we do not have access to any data pre-2008. A number of the Scope 3 measures are based on best estimates.

Environmental performance

Fleet

Australia Post has a diverse transport fleet of more than 10,300 vehicles, which are primarily used for the collection and delivery of mail throughout Australia. Our fleet (comprising motorcycles, cars, mail vans, trucks and prime movers) generates 28 per cent of Australia Post's Scope 1 and 2 greenhouse gas emissions.

As part of normal business practice, Australia Post's transport division is continually seeking to improve the fuel efficiency of the fleet through configuration changes, route optimisation, network reviews, increasing mail volumes per trip, and the introduction of more emissions-efficient vehicles. We also have a best practice fleet maintenance program and we replace vehicles at regular intervals.

All of these opportunities are now formally captured and reported on as part of our Energy Efficiency Opportunities (EEO) program. The key performance indicator that we use to measure fleet efficiency – grams of CO₂-e per kilometre – improved slightly this year, reducing from 469 to 452.

Vehicle purchasing

Our heavy vehicle fleet comprises 572 vehicles, with the majority Euro 3 vehicles (international engine environmental standard). We are committed to upgrading to a higher standard, with 164 vehicles now at Euro 4 level and Euro 5 level.

Fleet – Composition, fuel consumption and efficiency

Vehicle type	Fuel type	Number	Average* age	Litres	Gigajoules	Kilometres travelled	Efficiency (litres/100km)
Motorcycle	Petrol	7,375	1.8	3,045,467	104,154,983	64,843,810	4.70
Sedan/wagon	Petrol and LPG	971	2.5	3,048,968	99,396,351	26,204,656	11.64
Mail van	Diesel	1,145	3.9	3,813,768	147,211,451	31,617,596	12.06
Miscellaneous	Petrol and diesel	301	4.9	666,753	23,184,326	6,932,120	9.62
Small truck	Diesel	101	4.2	796,344	30,738,870	3,603,331	22.10
Large truck	Diesel	339	3.6	7,720,802	298,022,975	26,560,822	29.07
Prime mover	Diesel	132	3.7	12,535,645	483,875,884	24,367,613	51.44

*As at June 2009.

Note: Data for PLA vehicles has been excluded from this table as only the number of litres of fuel (208,643) was available in time for reporting.

During the year, we committed to a five-year contract with Mercedes-Benz for the supply of heavy vehicles that are compliant with Euro 5 standards. The use of these vehicles will significantly reduce the amount of diesel particulate matter produced. Five prime movers and 13 rigid trucks were purchased from Mercedes-Benz during the year.

We also completed a preferred supplier agreement with Toyota for the supply of new cars, including a number of hybrid vehicles, to gradually replace our fleet of sedans and wagons. This agreement, which will produce significant emissions savings, will come into effect in the 2009–10 financial year.

Facilities

The major source of Australia Post's greenhouse gas emissions is the energy consumed in the 1,279 facilities that are used for mail sorting, delivery, retailing, logistics and administration. The consumption of stationary energy at these facilities accounts for 72 per cent of our total Scope 1 and 2 emissions and is therefore our greatest opportunity for reducing emissions.

Heating, ventilation and air conditioning account for approximately 45 per cent of energy consumed in our facilities, and lighting accounts for 40 per cent of consumption. By comparison, other factors such as mail processing and water heating have a relatively minor impact on the amount of energy we consume.

In 2008, the amount of energy consumed in our facilities fell marginally – by 1 per cent. Our key performance indicator for building energy efficiency – kilograms of CO₂-e emitted per square metre of floor space – also improved slightly, from 167 to 164.



Energy efficiency initiatives

A number of energy saving strategies, programs and initiatives were launched during the year.

We developed a green building strategy that will guide our approach to managing the environmental performance of our real estate portfolio, including the design, construction, refurbishment, maintenance, operation and disposal of our facilities. The strategy focuses on energy and water efficiency, the indoor working environment, waste and building materials.

Following extensive refurbishment, the historic Perth GPO was awarded a 4-star Green Star rating for office design (version 2) in October 2008. It is the first building refurbishment in Western Australia to receive a Green Star rating. The new Australia Post headquarters building has also achieved a 5-star Green Star rating for office design (version 2), and the Australia Post fit-out has been registered for a Green Star rating.

We also launched an online reporting tool that helps facility managers to monitor their facility's environmental performance and implement measures to reduce the environmental impact of their operations. The tool is accessible via our intranet site and it provides access to information on energy consumption, water consumption, waste and the consequent greenhouse gas emissions at all of our mail centres, delivery centres and corporate-owned retail outlets. The tool is linked to a checklist of environmental opportunities, so facility managers can use it to benchmark their facility's performance and instigate change.

In May 2009, we launched a behavioural change program that encourages managers and staff to become actively involved in reducing the amount of energy consumed at their facilities. As part of this program, all facility managers received informative posters and an environmental checklist. The posters include hints for staff on how to reduce energy, water and waste during their daily activities. The checklist provides facility managers with advice on reducing emissions through simple cost-effective improvements.

Australia Post's Information Technology Group is currently undertaking a server virtualisation project, which replaces physical servers with virtual servers. During the 2008–09 financial year, over 550 servers in Victoria were either decommissioned or virtualised. The project has already reduced our emissions by an estimated 5,000 tonnes of CO₂-e per year by cutting the energy used by our ageing hardware and the associated cooling of our data centres. Decommissioning and virtualising of servers will continue throughout 2009, with other states currently being analysed for opportunities.

Following a successful trial, we are planning to progressively install high bay induction lamp lighting across all major processing facilities as an alternative to metal halide lights. The trial – at our largest mail processing facility, the Dandenong Letters Centre in Melbourne – demonstrated a 60 per cent reduction in energy consumption used in lighting while significantly reducing the heat load on our air conditioning system. The new lights also have six times the lifespan of the existing metal halide units.

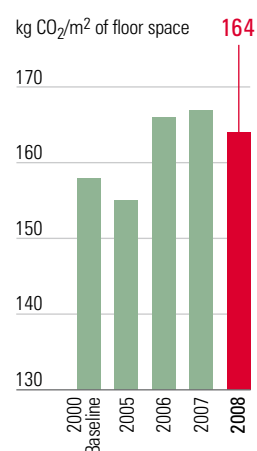
Facility energy consumption (gigajoules)

	Energy source	2000 Baseline	2005	2006	2007	2008
Scope 1 – Direct	Natural gas	106,180	106,192	113,556	100,282	106,958
	LPG (non-transport)	1,533	3,416	3,185	10,157	11,097
	Heating oil	788	1,163	762	662	0
	Total	108,501	110,771	117,503	111,101	118,055
Scope 2 – Indirect	Electricity	773,566	766,043	817,781	814,242	796,250
	Total	773,566	766,043	817,781	814,242	796,250
	Total	882,067	876,814	935,284	925,343	914,305

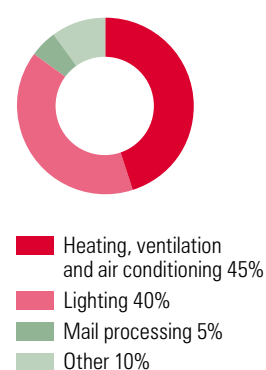
60%

– the reduction in energy consumption used in lighting during a trial at Dandenong Letters Centre in Victoria

Building energy efficiency



Facility energy consumption



91%

– the increase in the recycling
of waste since 2005

Waste

Australia Post operates a national recycling program that aims to reduce the amount of waste that goes to landfill from our activities. The program includes the use of colour-coded recycling collection bins, instructional signage and an ongoing staff awareness campaign. This program has been very successful, with the recycling of waste (paper, cardboard, commingled) increasing by 91 per cent since 2005. Over that same period, we have reduced the amount of general waste going to landfill by 12 per cent.

Our facilities use different waste disposal methods according to their operational needs. There are three ways in which we dispose of waste: it is either recycled, sent to landfill or disposed of by EPA-approved waste contractors. Our waste disposal contractor provides information on the disposal methods used across the business.

In 2008, we sent 145,298 cubic square metres of general waste to landfill. We are currently recycling 33 per cent of all of our non-hazardous waste.

Hazardous waste

Australia Post's waste management program also includes hazardous waste. Although our activities require relatively small amounts of hazardous materials, we do use tyres, computers, batteries and printer cartridges, and we operate interceptor pits. Our tyres are recovered by the manufacturer and our computers are recycled through the Green PC program. We utilise EPA-approved waste contractors to dispose of all other forms of hazardous waste.

Non-hazardous waste (cubic metres)

Waste type	Disposal method	2005	2006	2007	2008
Cardboard	Recycled	31,719	40,292	48,226	60,583
Comingled	Recycled	54	145	310	422
General waste	Landfill	165,640	148,163	145,540	145,298
Paper	Recycled	5,874	8,297	10,553	11,068
Total		203,287	196,897	204,629	217,371

Water

Australia Post's core operations do not require large quantities of water. At most of our facilities, water consumption is limited to kitchens, bathrooms and air conditioning systems, but we also have a small number of sites where water is used for washing vehicles and maintaining gardens.

In total, 371,647 kilolitres of potable water were consumed at Australia Post facilities during the year, which equates to 11.9 kilolitres of water consumed per full-time equivalent employee. (Water data is based on calendar year and employee numbers are based on financial year.)

Water efficiency initiatives

In response to the continuing drought in Victoria and record low water storage levels, we have instigated water saving initiatives at our two major Melbourne mail-processing facilities. At Melbourne Parcels Facility, in Ardeer, we have installed a reticulated water recycling system that treats and reuses the water in the truck wash bay. At Dandenong Letters Centre (DLC), we installed a 328,000 litre water tank that collects rainwater from the roof of the building. The collected water is being used for flushing toilets and watering gardens. A new truck wash system is also scheduled to be operational at DLC by mid-2009.



Biodiversity

Biodiversity is the term given to the diversity of life – the different plants, animals, insects and micro-organisms and the ecosystems in which they live. Although the vast majority of our facilities are located in suburban areas that pose little or no direct threat to biodiversity, we do operate facilities in some areas where some endangered species reside.

To ensure that our activities do not threaten any endangered species, we have undertaken audits of all facilities located in areas where endangered species might be present. Through these audits, we discovered three endangered species – the Growling Grass Frog, the Dwarf Galaxias (fish) and the Acacia pubescence (small wattle) – residing on two of our properties in Melbourne and Sydney.

By understanding the threats to these species through information sourced from the Department of Environment, Water, Heritage and the Arts (DEWHA), we were able to establish habitat to support these endangered species. To ensure that we remain aware of any new instances, we completed an environmental assessment process as part of our purchasing procedures for new properties.

Heritage places management

As the nation's oldest continually operating organisation, Australia Post has responsibility for maintaining a range of historic places that are often seen by local communities as the centrepiece of their town.

Given these responsibilities, we have developed 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 it has been endorsed by the DEWHA.

An assessment of the Commonwealth heritage values of all properties that we own was completed in 2007–08. In the coming financial year, DEWHA is expected to announce which of our properties have been added to the Commonwealth Heritage List. We will then begin a program of preparing conservation plans for each listed property.

During the year, we began the process of assessing the Commonwealth heritage values of over 750 properties that we lease. This assessment will continue in 2009–10.

An important aspect of our heritage strategy involves promoting community awareness of our heritage places. During the year we:

- launched a Heritage properties page on our website that features an overview of our heritage strategy and properties (go to auspost.com.au)
- published a 2009 collector's calendar featuring Australia Post's heritage buildings.

During 2008–09, Australia Post spent \$966,000 on property maintenance that was specifically related to heritage conservation.

Outlook

Australia Post has a range of programs and initiatives planned for the coming year that will guide us towards achieving the first goal of our corporate responsibility strategy – to minimise our environmental footprint. Our primary objective over the coming year is to develop an enterprise-wide carbon management program that will integrate the consideration of carbon impacts in all of our business decision-making.

We will begin to implement a number of the facility-based energy efficiency initiatives (such as changes to lighting and air conditioning systems) that have been identified in audits undertaken as part of our EEO program, as well as continue implementing our audit program.

As we strive to reduce our fleet emissions further, we plan to implement an environmental driving program, conduct research into vehicle aerodynamics and alternative fuel technology, and continue to purchase more efficient vehicles.

We are also planning to reduce the amount of waste that is sent to landfill through the use of sustainable procurement practices and staff education programs.



Economic performance

With a retail and delivery network that stretches nationwide, Australia Post's operations deliver a broad range of socio-economic benefits to communities throughout Australia.

Pages 14–15 contain more information on how we integrate into our management approach our goals and performance, policy, responsibilities, training and monitoring for our economic performance.

2008–09 Achievements

Contributed \$4.3 billion to the economy in labour and operating costs.

Provided indirect economic support for 8,743 small businesses (licensees, franchisees, community postal agents and mail contractors) around Australia.

Contributed a total of \$7.46 million to the community (including cash, time, in-kind contributions and management costs).

Continued to provide our employees with superannuation benefits that exceed the minimum requirements.

Challenges

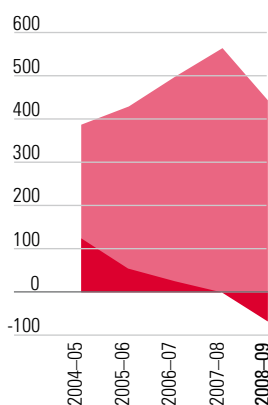
Positioning the corporation for renewed profit growth when the economy recovers.

Meeting the requirements of our community service obligations as the delivery network continues to expand and letter volumes stabilise or decline.

Profit from reserved and non-reserved services

■ Non-reserved
■ Reserved

Profit (\$ million)



Note: Profit before interest, income from joint ventures and tax.

Operating and financial performance

Australia Post's financial performance in 2008–09 was weaker than in the previous year due to the global financial crisis, the resulting slowdown in the Australian economy and the proliferation of communication channels. Total revenue for the year increased by 0.5 per cent to \$4,985.3 billion, and our before-tax profit of \$380.9 million was 35.7 per cent less than in 2007–08.

The economic slowdown particularly affected our mail products. A 4.1 per cent fall in domestic letter volumes was mainly due to a reduction in business mail and advertising expenditure. Meanwhile, reduced consumer spending resulted in a 0.8 per cent fall in the volume of parcels we handled this year.

Shareholder relations

Australia Post's relationship with its shareholder is governed by the requirements of the *Australian Postal Corporation Act 1989* (Cwlth) and the *Commonwealth Authorities and Companies Act 1997*. Under our dual shareholder model, there are two federal government ministers with responsibility for Australia Post: the Minister for Broadband, Communications and the Digital Economy, and the Minister for Finance and Deregulation.

In June each year, we submit to our shareholder a corporate plan that outlines our key strategies and targets for the coming three years. Progress against the corporate plan is reported quarterly.

Shareholder ministers and their departments are also informed on an ongoing basis of any significant developments in our business.

Dividend payable

Australia Post returns an ordinary dividend to its shareholder based on a target dividend ratio of 75 per cent of the corporation's after-tax profits. The ordinary dividend payable on the 2008–09 financial year is \$184.0 million.

Competing fairly

Under the *Australian Postal Corporation Act 1989*, letters that weigh 250 grams or less (or that cost less than four times the price of the basic postage rate) are reserved to Australia Post. All of our other goods and services are sold in fully competitive markets. The graph on page 40 shows how our profit is increasingly derived from the sale of products and services in competitive markets (ie non-reserved services).

To ensure that our costs are fairly allocated to all products and services, our costing system is subject to an annual review by the Australian Competition and Consumer Commission (ACCC). In July 2009, the ACCC issued its fourth cross-subsidy monitoring report, which found there was no evidence that our competitive activities (non-reserved services) are being subsidised by our monopoly activities (reserved services).

Direct and indirect economic impacts

Australia Post is one of the nation's largest employers. In 2008–09, we paid our 35,509 staff a total of \$2.17 billion in wages and benefits. These direct employment costs account for almost half of the corporation's total expenses.

However, these figures alone do not convey the full extent of our investment in labour.

Indirectly, Australia Post employs another 2,941 licensees, 28 franchisees, 637 community postal agents and 5,137 mail contractors. In turn, our franchisees and licensees employ thousands more Australians in the running of their small businesses.

Members of this indirect workforce make an invaluable – and unquantifiable – contribution to sustaining the socio-economic life of their communities.

Superannuation

The Australia Post Superannuation Scheme (APSS) provides employer-financed superannuation 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 using the following formula: 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 9 per cent super contributions into their employees' retirement fund.

In 2008–09, Australia Post contributed \$46.9 million to the APSS. There are sufficient assets in the APSS to cover the corporation's existing defined benefit obligations. The APSS also provides total and permanent disability and death benefits. (For more information, refer to financial note 12 on page 80 of the annual report.)

Climate change risk assessment

In early 2008, the Corporate Risk Management team at Australia Post conducted the first assessment of the likely impact that climate change would have on our business. This wide-ranging assessment considered:

- legislative and regulatory factors
- economic and financial impacts
- market risks
- supply risks
- the consequences of extreme weather events.

The findings of this assessment (which included a range of strategic, operational, financial and compliance risks) were reported to the Board Audit & Risk Committee (BARC) in August 2008 and the identified risks have since been incorporated into the Corporate Risk Profile. As a result, updates on the risks posed by climate change are now reported quarterly to the BARC and annually to the board.

The risk assessment also informed, and gave momentum to, the development of Australia Post's corporate responsibility strategy and the restructuring of our corporate responsibility governance framework.



Economic value generated

Economic impact – finances	2007–08 \$m	2008–09 \$m
Revenue	4,959.2	4,985.3
Operating costs ¹	2,269.6	2,348.7
Employee wages and benefits ¹	2,044.2	2,173.5
Payments to providers of capital	346.9	465.8
Payments to government	548.1	499.5
Community investments ²	2.6	7.5
Dividends declared	446.2	222.4

¹ The “Operating costs” and “Employee wages and benefits” figures are slightly different from comparable data presented in the “Contribution to economic development” table in last year’s annual report. This is because we have used the accruals method in calculating the data this year, as recommended in the GRI guidelines.

² We changed the way we measure our community investments in the reporting period. Through the LBG model, we now measure our cash, time, in-kind contributions and management costs. This is reported as a consolidated figure.

Economic impact – employment	2007–08	2008–09
Full-time employees	25,093	25,149
Part-time employees	10,163	10,360
Agency staff	589	434
Total direct employment	35,256	35,509

Small businesses supported	2007–08	2008–09
Licensed and franchised retail outlets	2,977	2,969
Metropolitan areas	1,297	1,297
Rural and remote areas	1,680	1,672
Community postal agents	645	637
Metropolitan areas	32	36
Rural and remote areas	613	601
Mail contractors	5,189	5,137
Total small businesses supported	8,811	8,743

Incorporating corporate responsibility in decision-making

The development of effective governance procedures is an essential part of ensuring that corporate responsibility impacts are considered in all of our business decisions. During the year, we changed the template for our annual portfolio and support business plans by including a corporate responsibility impact matrix. This means that corporate responsibility impacts are now considered as a core factor in the business planning process.

Over the coming year, we will change the way we assess the merits of new business investment by requiring the inclusion of a corporate responsibility impact assessment in all of our business case submissions.

Outlook

Based on actuarial advice, our superannuation expense is expected to rise over the next three years.

Workforce requirements are expected to remain steady at current levels.

We are positioning the business for sustainable profit growth by focusing on extending our core business activities.

Index of GRI content

GRI Indicator		Page	Report section
Strategy and Analysis	1.1, 1.2	2–3	Introduction Chairman's and Managing Director's message
Organisational Profile	2.1–2.9	4–5	About Australia Post
Organisational Profile	2.10	7	Awards and acknowledgements
Report Profile	3.1–3.3	8	About this report
Report Profile	3.4	IBC	Contact us
Report Scope and Boundary	3.5–3.11	8, 10	About this report
GRI Content Index	3.12	43–4	This index
Assurance	3.13	8	About this report
Governance	4.4–4.10	12–13	Our approach to corporate responsibility
Commitments to External Initiatives	4.11–4.13	11–12	Our approach to corporate responsibility
Stakeholder Engagement	4.14–4.17	10–11	Our approach to corporate responsibility
Disclosure on Management Approaches		14–15	Our management approach

Performance Indicators				
Environmental Performance Indicators	EN1	30	Our products and services Australia Post-branded products and packaging	●
	EN2	30	Our products and services Australia Post-branded products and packaging	●
	EN3	34–5	Environmental performance Greenhouse gas emissions	●
	EN4	34–5	Environmental performance Greenhouse gas emissions	●
	EN5	36	Environmental performance Fleet	●
	EN8	38	Environmental performance Water	●
	EN11	39	Environmental performance Biodiversity	●
	EN12	39	Environmental performance Biodiversity	●
	EN16	34	Environmental performance Greenhouse gas emissions	●
	EN18	35, 36	Environmental performance Fleet	●
	EN22	38	Environmental performance Waste	●

- **Full coverage:** our self-assessment indicates that we have addressed all elements required for this indicator against the GRI sustainability reporting framework.
- **Partial coverage:** our self-assessment indicates that we have addressed some, but not all, of the elements required for this indicator against the GRI sustainability reporting framework.

Index of GRI content

Performance Indicators		Page	Report section	
				<div>● Full coverage</div> <div>● Partial coverage</div>
Environmental Performance Indicators <i>continued</i>	EN23	33	Environmental performance Environmental management	●
	EN26	30	Our products and services Australia Post-branded products and packaging	●
	EN27	30	Our products and services Australia Post-branded products and packaging	●
	EN28	33	Environmental performance Environmental management	●
Human Rights Performance Indicators	HR3	23	Our people Eliminating discrimination and harassment	●
	HR5	25	Our people Freedom of association	●
Labor Practices and Decent Work Performance Indicators	LA1	21–2	Our people Employee profile	●
	LA2	22	Our people Employee turnover	●
	LA4	25	Our people Freedom of association	●
	LA7	24	Our people Occupational health and safety	●
	LA13	23	Our people Diversity and equal opportunity	●
Society Performance Indicators	SO1	28	Our products and services Community consultation	●
Product Responsibility Performance Indicators	PR5	28	Our products and services Customer satisfaction	●
	PR6	29	Our products and services Trade practices compliance	●
	PR7	29	Our products and services Trade practices compliance	●
	PR8	29	Our products and services Protecting customer privacy	●
	PR9	29	Our products and services Legal compliance	●
Economic Performance Indicators	EC1	40–42	Economic performance	●
	EC2	41	Economic performance	●
	EC3	41	Economic performance	●
	EC9	41–2	Economic performance Indirect economic impacts	●
Transport and Logistics Sector Supplement (Pilot, 2006)	LT2	36	Environmental performance Fleet	●
	LT12	24	Our people Occupational health and safety	●
	LT14, Access to mail	27 4	Our products and services Providing a community service About Australia Post Our purpose	●

About this corporate responsibility report

Editor/project manager
Sarah Butcher

Design
Amanda Roach Design

Photographer
Jamie MacFadyen

Other photographs
Small photos from the Australia Post image library.

Paper
This report is printed on Mega Recycled Paper from K.W. Doggett Fine Paper. This environmentally responsible stock was manufactured with renewable energy at an ISO14001 EMS (Environmental Management System) certified mill and consists of 50% FSC certified recycled pulp (post consumer waste).



Printing
This report was printed by Finsbury Green Printing using a process that complies with ISO14001 standards. Vegetable-based inks were used and the printing process was carbon neutral.

Copies of this report
Copies of this report can be viewed and downloaded at auspost.com.au/cr or phone (03) 9299 4650 to request a printed copy.

Print management
iPrint

Website
auspost.com.au/cr

Contact us

For media enquiries, please contact:
Alex Twomey, Media Manager – Australia Post

Mail GPO Box 1777
MELBOURNE VIC 3001
Phone + 61 3 9204 5362
Fax + 61 3 9663 1160
Email alex.twomey@auspost.com.au

We welcome your questions and comments about our 2008–09 corporate responsibility report. You can contact Debbie Spring, National Manager, Corporate Responsibility and Stakeholder Relations, at Australia Post by:

Mail GPO Box 1777
MELBOURNE VIC 3001
Phone + 61 3 9204 7134
Fax + 61 3 9663 1160
Email CRreport@auspost.com.au



