



Assurance Statement

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Report Scope

The sustainability information and performance data in this report applies to all wholly owned operations of the Qantas Group globally for the financial year, 1 July 2007 to 30 June 2008, unless otherwise indicated.

Selection and content of key performance metrics was made on the basis of materiality, stakeholder interest and guidance provided by the leading sustainability reporting framework, the Global Reporting Initiative (GRI) (www.globalreporting.org). These metrics are aligned with overall business strategy. Selected performance data has been independently reviewed by KPMG.

Stakeholders

42 44

The information and data included in this report is provided for the information of a wide range of stakeholders, including customers, shareholders, employees, suppliers, regulators, politicians, non-government organisations, financiers and various special interest groups.

Qantas undertakes continuous and extensive research on customer attitudes, and has in place mature stakeholder feedback processes, such as: international and domestic customer satisfaction studies, reputation benchmarking, brand and advertising tracking studies and loyalty design and feedback. A risk management system also captures feedback from various internal and external sources.

As the national carrier, Qantas and its people have always had a strong sense of corporate social responsibility.

Qantas will sustain this commitment into the 21st century.

44 We know that the sustainability agenda is about much more than just the viability of the individual businesses. It's about how we shape our collective destiny as a society. At Qantas we accept the urgency of the challenge. ""

Chief Executive Officer

As the national carrier, Qantas and its people have always had a strong sense of corporate social responsibility. Qantas will sustain this commitment into the 21st century.

The way Qantas interacts with its shareholders, customers, employees, suppliers and the communities in which it operates is based on a key brand attribute of being the "Spirit of Australia", as well as a set of core principles, including:

- a commitment to the safety and security of its operations and people;
- a commitment to ensuring financial and ethical value to shareholders;
- a commitment to contributing to the communities to which it operates; and
- caring for its employees by offering competitive conditions, career opportunities and extensive apprenticeship training in line with market conditions.

The Qantas Business

The Qantas Group is a complex business, earning revenue in 86 different currencies and incurring expenses in 26 different currencies. The Qantas Group encompasses:

- a full service brand, Qantas, including international and domestic operations and a dedicated regional Australia operator, QantasLink;
- value-based Jetstar brands, including Jetstar, Jetstar Asia and Jetstar Pacific; and

a diverse range of portfolio and service businesses supporting its flying operations, including Qantas Engineering, Qantas Freight Enterprises, Qantas Airports, Qantas Catering Group, Qantas Group Flight Training, Qantas Frequent Flyer programs and Qantas Holidays (part of Jetset Travelworld Group, effective 25 July 2008).

Qantas continually looks for investment opportunities in Australia and abroad for geographic and business growth.

The key Qantas Group business strategies are:

- the two-brand strategy, involving the sustainable growth of the Qantas (full services) and Jetstar (value-based) flying businesses; and
- business segmentation, which aims to maximise the value of every area of the business, with a particular focus on the Group's portfolio and service businesses.

Key Financial and Operating Highlig	jhts
Revenue	\$16.2 billion
Profit before tax	\$1.4 billion
Cash returned to shareholders	\$1.1 billion
Earnings per share	50.2 cents
Full year dividends per share	35.0 cents
Passengers carried	38,621,000
Services operated	6,720 per week
Number of destinations	146
Number of countries serviced	38

Fuel conservation

00m

Qantas' fuel conservation program achieved its target of \$100 million efficiency savings over the last three years with another \$100 million set for 2008/09.

CO₂ efficiency

By 2020, Qantas is targeting a greater than 25 per cent improvement in CO₂ efficiency. This target complements the existing target of a two million tonne saving of greenhouse gases or a 7.5 per cent improvement in fuel efficiency by 2011.

Employees

Qantas has achieved an 84% improvement in its Lost Time Injury Frequency Rate since 2002.

Economic contribution

This figure represents the direct and indirect contribution by the Qantas Group to the Australian economy.

Sustainable Future

Qantas achieved its five year cost efficiency saving of \$3 billion in June 2008.

Charity

In 2008, Qantas made an initial donation of \$5.4 million to the Qantas Foundation to establish the Qantas Foundation Art Encouragement Fund and fund environmental-related initiatives.

The case for corporate sustainability is both clear and compelling. All businesses owe a duty to their shareholders to direct their efforts towards the long-term creation of value. This goal can only be achieved within the context of a healthy environment, a prosperous economy and a stable society.



for the first time a stand-alone Sustainability Report, in which you will find detailed information on the Qantas Group's sustainability issues and performance. ""

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For the eight decades of our existence, Qantas has been an exemplary corporate citizen, alert to our social responsibilities and playing a vigorous and generous role in Australia and overseas.

We know that companies with a positive community profile will attract and retain the best staff in a highly competitive talent marketplace. And we also know that with strong, positive brands we will always be better placed to retain the goodwill of customers and community stakeholders.

Airlines have a particular responsibility to respond actively to the threat of damaging climate change, accelerating fuel prices and environmental degradation with measures to reduce energy consumption and manage waste effectively. Qantas is making significant and measurable improvements in this area.

The Qantas Group is also moving to a more comprehensive and unified approach to our sustainability agenda. We have put in place more effective management processes to oversee our activities. We have strengthened our reporting processes; in 2006/07 we produced our first Sustainability Report, which was incorporated into the Qantas Annual Report.

This year we present for the first time a stand-alone Sustainability Report, in which you will find detailed information on the Qantas Group's sustainability issues and performance.

We invite all our stakeholders, including shareholders, employees and members of the community, to review this performance and we welcome constructive feedback on the content and presentation of this report (page 41).

Leigh Clifford Chairman At Qantas we confront many commercial challenges and a range of complex sustainability issues. We must equally manage all our commercial and sustainability responsibilities.



towards sustainability both for the sake of our business, for the sake of our broader community, and because it's the right thing to do. ""

At Qantas we confront many commercial challenges and a range of complex sustainability issues. Managing through a sustained rise in fuel prices is one factor, but every day we must equally address our environmental impact, the safety and security of our employees and customers, our economic and social role in the communities in which we operate, and our performance both as an employer and as a business partner.

Qantas has much to be proud of, including a vigorous fuel efficiency and environmental protection program, extensive and innovative charitable efforts, and greater efforts to promote diversity within our company.

We also have lessons to learn. This year we lost one of our employees, Shirley Cuthbert, in the workplace and were fined in relation to breaches of competition laws prior to February 2006 by Qantas Freight. These events were extremely disappointing. They will also be instructive, and we will be making every effort to learn from them so that they are never repeated.

We know that the sustainability agenda is about much more than just the viability of individual businesses. It's about how we shape our collective destiny as a society. At Qantas we accept the urgency of the challenge. As one of Australia's oldest companies, with a presence around the country and a global reputation, we take our responsibilities very seriously.

We will continue to drive towards sustainability both for the sake of our business, for the sake of our broader community, and because it's the right thing to do. Significant sustainability milestones achieved over 2007/08 include:

- Maintaining our outstanding aviation safety record.
- Cost savings of \$3 billion under the Sustainable Future Program.
- Achieving carbon dioxide emission efficiency savings of 1.3 million tonnes for the two years to 2008.
- Jetstar achieving a 12 per cent participation rate for customers electing voluntarily to offset their carbon emissions online, one of the highest participation rates in the Australian aviation industry.
- Achieving an 84 per cent improvement in our Lost Time Injury Frequency Rate since 2002.
- Establishing the Qantas Foundation with an initial \$5.4 million endowment.
- Forming a diamond partnership with the National Breast Cancer Foundation in October 2007. The partnership included launching a QantasLink pink aircraft to raise awareness of breast cancer and promote the search for a cure.

Swoffer

Geoff DixonChief Executive Officer

Governance

Qantas Board oversight of sustainability is provided by the Safety, Environment & Security Committee (SESC) and is governed by the Qantas Corporate Governance framework available on **qantas.com**.

The Qantas Board established the SESC in 1994. It currently comprises five members – the Chief Executive Officer of Qantas and four Independent Non-Executive Directors – and is chaired by Independent Non-Executive Director Mike Codd. Dr John Schubert, who has served on the Qantas Board and as a member of the SESC since 2000 will replace Mr Codd upon his retirement in October 2008.

The SESC has a written Charter, which is also available on qantas.com.

The objectives of the SESC are to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- safety, health, environment and security matters;
- enterprise-wide risk management (other than the risk management issues dealt with by the Board or delegated to the Audit Committee); and
- compliance with legal and regulatory obligations relating to safety, health, environment and security matters (other than the compliance obligations monitored by the Audit Committee).

The 2008 Qantas Annual Report has details about the experience and qualifications of members of the SESC and membership of and attendance at 2007/08 SESC meetings.

Risk Management

Sustainability Risk Management at Qantas is about embracing opportunities and managing business risks related to non-financial resources necessary for Qantas to be successful in the long term.

The Qantas Group's Risk Management program identifies, measures and manages sustainability risks facing the Group, using a common language and common processes across all segments. The process involves:

- identifying the causes and context of specific risks;
- analysing and evaluating these risks against common rating criteria – including financial and non-financial consequences – to ensure risk ratings and prioritisation are consistent;
- nominating the treatment and documentation controls to be adopted;
- communicating and escalating risks as appropriate, including bi-monthly reporting to the Board; and
- consulting with specialists (eg environmental or operational safety specialists) where appropriate.

The Qantas Group's Sustainability Report assists Qantas in discharging its obligations under Principle 7 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition.

Business Benefits

Each area of sustainability at Qantas is intrinsically linked to several business benefits, as illustrated below.

Business Benefits

	Increased revenue through customer preference	Enhanced reputation and brand	Reduction in operating costs	Greater operational efficiency	Reduction in business risk	Attraction and retention of skilled labour
Economic contribution		✓				✓
Environment and Climate change	✓	✓	✓	✓	✓	
Fleet	✓	✓	✓	✓	✓	
Aviation safety	✓	✓			✓	
Aviation security		✓			✓	
Inflight health		✓	✓		✓	
People		✓	✓	✓		✓
OHS		✓	✓	✓	✓	✓
Community	✓	✓				✓
Qantas Foundation		✓				✓



Challenges and Opportunities

The most important sustainability issues facing the Qantas Group are:

- maintaining a zero fatality record for aviation safety and security. Safety is a core value of the Qantas brand:
- protecting the health and welfare of employees through a reduction in injuries. A healthy and engaged workforce improves operational efficiency through lower costs and improved productivity;
- reducing fuel consumption and the environmental impact of greenhouse gas emissions. The combination of increasing fuel costs with the imminent introduction of emissions trading exposes Qantas to significant financial risk;
- creating and sustaining a diverse and talented workforce. Qantas' People Strategy focuses on attracting, growing and retaining talent by developing a gender and culturally diverse, multigenerational workforce. This ensures Qantas is well prepared to manage human capital risks, including an ageing workforce and skilled labour shortages, while maintaining competitive labour costs; and
- supporting the national economy and the community. For more than 87 years, Qantas has been the 'Spirit of Australia'. Qantas recognises its unique duty to the people of Australia and, through its wide-ranging and innovative community initiatives, continues this proud tradition.

Pages 38 – 39 provide a summary of performance against these indicators and others material to the Qantas Group.

Sustaining Resources

Corporate sustainability is complemented by the Qantas Group's Sustainable Future Program. This program focuses on the improved management of resources, increased productivity and reduced rework and waste. It aims to reduce the Group's cost base by up to 25 per cent by driving efficiency through redesigning legacy business models and processes.

The program is comprised of two parts: Sustainable Future and Group Lean Sigma. Sustainable Future focuses on structural step-change to existing business models. Its emphasis is progressively moving from large segment based projects to significant cross segment initiatives. Group Lean Sigma aims to reduce waste and variation in processes and supports the move to a culture of continuous improvement.

The program commenced in 2003 and successfully achieved its five year efficiency saving target of \$3 billion in June 2008. The program has been extended to June 2010 with a further reduction target set of \$1.5 billion over the next two years. The success of the program is directly linked to executive remuneration (refer to the Remuneration Statement in the 2008 Qantas Annual Report).

Economic Contribution

Qantas makes a direct contribution to national export revenue and to domestic and regional tourism. Annual international tourism export revenue amounts to approximately \$6.0 billion, and annual domestic tourism expenditure to approximately \$17.3 billion.

Qantas also makes a large indirect contribution to the national economy. Access Economics found that for each \$1 million in revenue earned by Qantas, \$2.1 million was generated in Australian output and 8.4 jobs are created.

The Qantas Group contributed nearly \$34 billion to the economy's output, including approximately \$18 billion to the non-aviation sector, and created nearly 136,000 jobs economy-wide.

Above left: Qantas is proud to be the Naming Rights Sponsor of the Wallabies and has been a sponsor for over a decade.

Above right: An indoor pool provides realistic emergency procedures training to assist crew preserve life in case of a water landing.



Safety is the number one priority of Qantas. The Qantas Group operates more than 330,000 flights each year. As with any airline, Qantas is not immune from incidents arising from time to time. What distinguishes Qantas from other airlines is its world-class management systems and safety programs, which ensure optimum response in managing and learning from incidents when they do arise.

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Qantas carries the International Air Transport Association's (IATA) Operational Safety Audit Certification and is subjected to rigorous biennial renewals of this internationally recognised safety audit program. Qantas is regularly subject to additional external audits by around 75 external organisations. Qantas' safety standards are also scrutinised by the Group's internal audit program with over 320 internal checks conducted this year.

The Qantas Group has a formal Integrated Safety Management System that brings together all aspects of operational safety, occupational health and safety and the environment, ensuring a consistent best-practice approach that also delivers legislative compliance.

An essential condition of successful safety management is the creation of a broader safety culture. Qantas employees are encouraged to report all incidents that could affect operational safety. Inflight performance data from every flight is captured and analysed to provide continuous monitoring of crew and aircraft performance. Qantas continues to implement new and innovative tools to improve safety. Recent initiatives include:

- Global Positioning System technology to provide pilots with enhanced three-dimensional guidance when operating into a range of airports;
- the latest training programs for managing human error in areas such as engineering, flight operations and cabin crew; and
- observational audit programs based on the most recent human factors research.

On 25 July 2008 a Qantas B747-400 aircraft operating QF30 from Hong Kong to Melbourne experienced a depressurisation event and diverted into Manila. While the fuselage and some flight systems sustained damage, the aircraft continued to operate safely and landed in Manila without further incident. Initial investigation by Qantas and the Australian Transport Safety Bureau (ATSB) confirmed that one of the aircraft's 13 passenger oxygen system cylinders had failed and resulted in the damage. The performance of the pilots and cabin crew during this rare and difficult situation was testimony to their professionalism and ensured the safety of the passengers and their colleagues.

Qantas will continue to assist the ATSB to ensure that factors that may have contributed to the incident are understood and that any corrective actions ultimately identified are implemented as part of Qantas' culture of continuous improvement.



▲ A WORLD FIRST – APPLYING AVIATION SAFETY ON THE GROUND

Qantas Group Safety and Airport Services have initiated a joint ground safety initiative to monitor safety behaviours on the airport ramp¹. The methodology has been adapted from a well-known technique in flight operations known as the Line Operations Safety Audit or LOSA.

Originally developed by the University of Texas, LOSA enables operators to assess their level of resilience to systematic threats, operational risks and frontline personnel errors, thus providing a principled, data driven approach, to prioritise and implement actions to enhance safety. Now endorsed by the International Civil Aviation Organization (ICAO), LOSA is used by more than 30 airlines across the globe to improve safety in the flight deck environment.

Qantas Airport Services, working with Qantas Group Safety, were the first ground handling operation to adapt this methodology to a ground safety context for application in its airport ramp operations. The new program is known as the Ground Operations Safety Audit or GOSA. The program was devised to analyse ramp operations and behaviours and provide similar benefits to the LOSA program for Airport Operations.

The LOSA and GOSA methodologies involve observation of crew during normal operations. A number of airport ramp loading supervisors are trained as observers to record and code ramp crew behaviours during aircraft turnaround periods. The 'observers' note all safety concerns, behaviours and work practices that have the potential to impact operational safety.

The benefits of the GOSA program include:

- identifying threats that make working on the ramp more difficult or that reduce safety margins;
- checking the quality and usability of procedures;

- understanding the human factors which influence errors, shortcuts and workarounds;
- assessing safety margins;
- providing a baseline measurement to set targets for improvement;
- providing data from each port to inform the allocation of resources; and
- providing managers with a realistic picture of normal operations or day-to-day activities on the ramp.

The success of GOSA rests on its confidential nature; no identifying information of those being observed is recorded. This helps to ensure that the behaviours recorded represent the realistic activity of ramp personnel.

Since January 2007 the GOSA team of auditors has conducted audits across nine ports, domestically and overseas. The data provided has proved to be invaluable in understanding the human factors which affect ramp performance and has provided information that was not previously available through any other means.

The findings of the GOSA program are now being used to proactively improve aircraft loading system safety. Ramp staff feedback has been overwhelmingly positive and Airport Services management has found that GOSA data has already assisted in developing ground safety improvement initiatives.

¹The airport ramp is used for enabling passengers to board or disembark from an aircraft; loading or unloading cargo; refuelling; parking or carrying

Security

Qantas has been at the forefront of aviation security for many years and continues to enhance its capabilities to identify, assess and manage security risks. Qantas maintains an active and influential dialogue with governments and industry operators globally.

Specific developments include improved information flow between Qantas Group Security and the Australian Government and overseas government security agencies, as well as broader risk assessment dimensions that incorporate terrorism and crime and corruption risks to the business. This year, the Qantas Group established a comprehensive Crime and Corruption Control Policy which aims to increase awareness and to reduce the risk of crime and corruption which could affect the Group. With a comprehensive policy in place, the Group will lead Australian and overseas companies in its approach to enterprise-wide crime and corruption control.

External collaboration is crucial in achieving greater harmonisation of security measures and supporting research and development of emerging security technologies.

Security awareness, training, and the adoption of the latest technologies are fundamental in assisting Qantas to comply with regulatory requirements, implement security measures commensurate with risks and anticipate emerging threats and issues.

As a world leader in security best practice, the Qantas Group has also established a Security Management System, which effectively integrates all existing aviation security policy, Transport Security Programs, procedures, training, audit and review processes to ensure compliance with a wide range of legislative requirements.

Investment in Security Operations and Infrastructure

Qantas invests in enhanced closed circuit television technology, with a sophisticated network of over 1,500 cameras in operation across Australia. A dedicated Security Operations Centre monitors global security events 24 hours a day and also supports Jetstar Pacific, Jetstar Asia, Air Pacific and codeshare partners.

Qantas provides a comprehensive annual security training program for over 12,000 air crew worldwide. Specialised training is provided to Qantas Group ground employees in critical operational areas including check-in, baggage, freight, engineering and catering. Qantas' security training programs exceed standards set by the International Civil Aviation Organization (ICAO) and the Australian Government.

Business Resilience

Qantas' business resilience framework manages the risks associated with terrorism, the threat of pandemics and the reliance on critical people and systems for the provision of everyday essential services, seeking to mitigate the impact of any major incident.

Inflight Health

Qantas is committed to the highest standard of customer and employee health, safety and wellbeing.

Oantas was one of the first international carriers to install defibrillators on its aircraft, allowing rapid assistance for passengers who experience cardiac arrest inflight. Defibrillators are also available on Jetstar's A330 international fleet. Qantas aircraft can communicate with specialist physicians in case of an inflight medical emergency and crew are equipped and trained to liaise with these medical experts.

On all flights, videos are shown and/or information is provided in inflight magazines or on video entertainment systems regarding inflight issues to assist in preventing deep-vein thrombosis (DVT), cabin pressure and dehydration. Detailed information is also provided on **qantas.com** for pre-flight preparation.

Qantas is a member of the International Air Transport Association Medical Advisory Group, which advises the global airline industry on aviation health issues.

In the event of an infectious disease outbreak, Qantas stands ready to respond to government directives and maintains the latest pandemic influenza knowledge and practice based on advice from the World Health Organization, Centre of Disease Control and the Australian Government.

	Physician or Medical Kits	First Aid Trained Cabin Crew	24/7 Inflight Medical Advisory Service
Qantas	✓	✓	✓
QantasLink (Regional)	✓	✓	_
Jetstar	✓	✓	✓

Occupational Health and Safety

The safety of its employees is of utmost importance to Qantas. In 2008, Qantas experienced one staff fatality where an employee, Shirley Cuthbert, collapsed over a high lift truck guard rail at Brisbane Airport.

This distressing event is an exception to the Group's record, culture and rigorous Occupational Health and Safety programs, which aim to bring safety on the ground to the same exceptional standards as in the air. Qantas has undertaken a detailed and comprehensive review of the relevant processes and procedures. Qantas has also cooperated with the investigating authorities. The coroner has yet to release a finding in relation to this fatality.

The goal of the Group's suite of Occupational Health and Safety programs, be safe!, is zero injuries and occurrences. Measures to implement be safe! include:

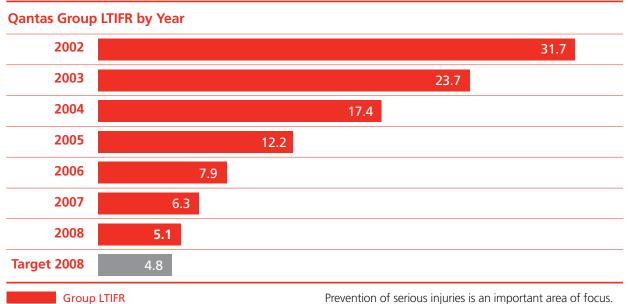
- the continuous improvement of the Integrated Safety Management System;
- an Integrated Fatigue Risk Management Program, which aims to minimise fatigue risk through training and the management of rostering;
- the Group eXcel employee recognition program, which rewards high safety performers. In 2008, 591 employees were nominated and 176 employees were recognised with an award; and
- the annual Safety Week, which celebrates success, boosts motivation and is a public affirmation of the Qantas Group's safety values.

Other programs include alcohol and other drugs, behavioural safety, and supplier (contractor) management. Qantas continues to lobby the Australian Government for the same random alcohol and drug testing that applies to other industries such as mining and land transport.

Internal and external safety audits are conducted by business units, corporate Occupational Health and Safety (OHS) personnel and government.

Performance

The Qantas Group is among the leaders in the aviation industry with respect to lost time injuries. The year 2008 proved to be challenging, and Qantas recorded a Lost Time Injury Frequency Rate (LTIFR) of 5.1, falling just short of its target of 4.8. Improvement opportunities will be pursued through the identification of root causes of occurrences and the implementation of further education and safe work practices. A target of 4.0 has been set for 2009.



Prevention of serious injuries is an important area of focus. A reduction in the Serious Injury Frequency Rate (SIFR) will be a key initiative in future. These injuries, which represent the loss of productive time of a week or more, impact significantly on employees, costs and efficiency. A 10 per cent reduction target for 2009 has been set.





USING BEST PRACTICE TO REDUCE BAGGAGE HANDLING INJURIES

Qantas addresses manual handling safety issues through its Manual Handling Hazard Management Program (ManHaz), a program that has been in place since 1999 and has grown significantly across many divisions of the company since then.

As airport traffic has increased, so has the volume of baggage passing through manual handling systems. Some of the newer, narrow-body aircraft cannot be loaded using containers, which is the practice for loading most wide-body aircraft. To minimise the risk of injury from manually loading loose baggage into the narrow, low-ceilinged space of these aircraft, Qantas had to devise a new system.

Airport management researched worldwide best practice to help develop a solution. They found a product (RTT Longreach™ Loader) that attaches to any belt loader and extends into the cargo bay, providing baggage staff with the ability to position bags in a narrow-body aircraft hold with minimal bending, twisting and lifting movements. Qantas began trialling the RTT belt loaders in 2005 and the technology has been rolling out across airports that accommodate narrow-body aircraft since March 2008.

Qantas has also installed powered mats in the hold of all Qantas B737 aircraft. Known as 'sliding carpets', the mats enable bags to be moved along the hold's floor via a conveyor belt without handlers having to climb into the low ceiling hold to position baggage.

Structural changes made on the ground include:

- a revision to plinth heights in baggage rooms to improve the posture of handlers;
- the introduction of small electric tugs that eliminate the need to manoeuvre dollies (baggage trollies) by hand;
- fitting vacuum lifters to decrease the amount of manual lifting performed.

Since the implementation of the new safety infrastructure, feedback from employees involved in manual handling has been overwhelmingly positive. The number of handling related injuries reported has been reduced and productivity has increased.

Above: To reduce manual handling injuries at airports, Qantas is investing in new preventative equipment such as the RTT Longreach Loader and sliding carpet powered mats.



Qantas is one of the country's largest employers with more than 90 per cent of its 37,000 employees based in Australia.

Their motivation, skill and dedication have enabled Qantas to meet the ongoing challenges facing the aviation industry.

66 Qantas is committed to remaining profitable while offering its employees competitive employment terms and conditions, excellent benefits and a fulfilling career. ""

Qantas is one of the country's largest employers with more than 90 per cent of its 37,000 employees based in Australia. Their motivation, skill and dedication have enabled Qantas to meet the challenges facing the aviation industry.

Employer of Choice

The Qantas Group is a major driver of employment opportunities in the community. Qantas has created more than 8,000 jobs over the past decade and invests significantly in skilling its workforce to best practice standards, spending in excess of \$280 million each year on staff training.

Qantas' objective is to be an employer of choice, engaging all members of its diverse workforce to be safe, green and customer focused.

The Group seeks to position itself as a responsible employer specifically by:

- building a diverse workforce, in particular through the Indigenous program;
- establishing policies and programs that help our staff to better balance their work/life needs; and
- fostering a committment by our employees to ethical and sustainable work practices.

Diversity

Qantas continues to expand its workforce diversity initiatives with a specific focus on employing and developing Indigenous Australians (refer to the case study on page 18).

Other areas of focus include the recruitment and retention of women, particularly in management positions, and age and cultural diversity.

Detailed information on diversity initiatives and performance can be found in the 2007/08 Qantas Group Annual Report for the Equal Opportunity for Women Agency, available from www.qantas.com/sustainability.

Left: Warm welcomes at The Joey Club Sydney, Melbourne and soon to open Brisbane, helping employees to continue their career after the birth of their child, and where children aged 0-6yrs enjoy quality care and education.

Work/Life Initiatives

Qantas is committed to helping employees balance their careers with their personal commitments by continuing to build on its broad range of work/life initiatives, including:

- increasing the opportunities for part-time and flexible employment for all employees;
- the development of a third employer-sponsored childcare facility in Brisbane, due to open in October 2008. The Brisbane Joey Club will complement the centres in Sydney and Melbourne, with the Sydney centre celebrating five years of care provided to over 600 families and almost 900 children;
- the expansion of the Employee Assistance Program to include free, confidential professional assistance for employees with critical financial issues, and online counselling for employees who are absent from their home base for significant periods, such as cabin crew and pilots; and
- the growth of our health and wellbeing programs, including a quit smoking program, on-site Weight Watchers accessed by over 200 employees, and access to discounted exercise and health classes on Qantas premises.

Qantas announced in November 2007 that it would further enhance parental entitlements through a range of measures including increasing:

- paid maternity leave from 10 to 12 weeks;
- paid adoption leave from 10 to 12 weeks; and
- the total period of parental leave (paid and unpaid) for the primary care-giver of a child from 52 weeks to 104 weeks.

Recruitment

Attracting, developing and retaining talented people is key to Qantas' sustainable future. Qantas Careers, an integrated recruitment portal launched in 2008, allows current and potential employees to access job opportunities and career information in one online space.

Talent Management

Qantas has continued to build on its suite of development programs, particularly focusing on nurturing talent, developing emerging leaders, supporting women at Qantas and investing in graduates. Strong leadership skills are more valuable than ever, and this approach is providing Qantas with a strong pipeline of excellent leaders.

Recognition

The Qantas Group employee recognition program, eXcel, recognises employee excellence in the areas of service, safety, innovation and environment throughout the year, culminating in an awards ceremony.

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Qantas has increased the total period of parental leave for the primary care-giver from 52 weeks to 104 weeks.

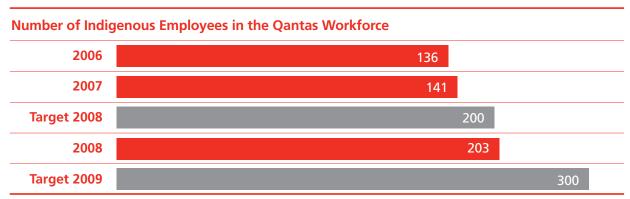
Industrial Relations

Qantas is committed to remaining profitable while offering its employees competitive employment terms and conditions, excellent benefits and a fulfilling career. The security of this employment is predicated upon Qantas maintaining a sustainable cost base and delivering to our customers.

Qantas deals with 16 unions and is party to 33 awards and 44 union and four non-union enterprise agreements. As with other Australian businesses with a heritage of collective bargaining, from time to time industrial disputes occur which can disrupt our customers. Qantas has robust contingency plans to minimise the impact on our operations.

In all its negotiations, Qantas seeks to deliver a fair and sustainable outcome for its employees and the company to position the organisation well for future challenges and to avoid compromising the long-term sustainability of the organisation.

A summary of key performance metrics and a detailed list of employment benefits relating to People is available on pages 38–39 and 40–41.



Indigenous Employees Headcount





QANTAS ENGINEERING – INVESTMENT IN APPRENTICE EDUCATION

The history of Qantas' engineering investment in apprentices is almost as old as the history of the airline itself. Qantas began training its first apprentices in 1927; since then, it has trained more than 7,000 apprentices. Currently, Qantas Engineering fosters the careers of over 250 engineering apprentices.

The shift of Qantas' Sydney-based Heavy Maintenance operation to Avalon, Victoria, in 2006 presented a training challenge, given that the existing and future intakes of apprentices would still require heavy maintenance experience to complete their qualification.

To address this, Qantas Engineering devised an on-site rotation at its expanded Avalon facility, allowing apprentices to complete their training and offering them the experience of working in a different location with new teams of people.

The rotation program was endorsed by the apprentices' education provider, TAFE, as well as the apprentices themselves. Qantas also sought approval from the parents and guardians of its younger apprentices, many of whom were living at home.

The rotation is now a regular component of the apprenticeship training program.

For their stay in Avalon, Qantas provides the apprentices with fully furnished housing accommodating up to four people at a nominal rent. Each household is provided with a home shopping service, delivering groceries and household essentials.

In addition, Qantas provides each apprentice with an initial \$350 relocation allowance as a contribution towards incidentals, as well as two return flights home to Sydney each month.

A bonus of \$1,300 is paid to each apprentice at the conclusion of each rotation, providing the house is maintained to a suitable standard and the apprentice has performed to an acceptable level.

Qantas Engineering recognises that relocating to a new city and work environment can be difficult for young people, so each apprentice is assigned a mentor for their Avalon rotation. Extensive workplace induction training is also offered – for example, the apprentices attend an aircraft familiarisation training course and also receive instruction in life skills.

Qantas Engineering regularly consults its apprentices on how the program can be improved. Feedback from the apprentices is overwhelmingly positive. Not only has the relocation proved successful in terms of honing apprentices' heavy maintenance engineering skills, but relocation to Victoria is enabling apprentices to develop independence and other life skills.

The Qantas Engineering apprentice rotation program is now two years old. Over 160 Sydney apprentices have undertaken practical training at Avalon and have now graduated and work as fully qualified aircraft engineers.

Above: The Qantas Engineering apprentice program mainly skills workers to become Aircraft Maintenance Engineers (AMEs), but also covers allied trades skills including auto electricians, fitting/machinists, trimmers, sign writers, heavy maintenance and spray painters. Far left: Qantas offers parental leave of up to two years for the primary caregiver of a child. Supporting employees and their families through the provision of parental leave and flexible work arrangements. Far right: As a proud Australian icon with a global span, the Qantas Group offers a wide range of career opportunities in many locations across the world.



QANTAS' COMMITMENT TO INDIGENOUS RECONCILIATION

Qantas recognises Indigenous people as the original custodians of Australia and endorses the vision of a nation which values Aboriginal and Torres Strait Islander heritage, culture and peoples.

Qantas recognises that as an employer of over 37,000 people, it has a responsibility to ensure its workforce represents all Australians, and in particular, Indigenous Australians.

In recognition of Qantas' commitment to Indigenous Australia, Qantas Chief Executive Officer Geoff Dixon launched the Qantas Reconciliation Action Plan in November 2007, making Qantas the third Australian publicly listed corporate to develop such a plan.

Qantas partnered with Reconciliation Australia to develop its Reconciliation Action Plan. The aims of the Plan are:

- to double the employment of Indigenous Australians at Qantas by 2009;
- build relationships for change between Indigenous and non-Indigenous Australians;
- develop ways for Qantas' diverse workforce to gain knowledge of and respect for Australia's Indigenous cultures;
- ensure that Qantas' Indigenous workforce is supported, valued and provided with improved opportunities for career and skills development; and
- promote the diversity and richness of Australia's Indigenous culture.

Qantas' key Reconciliation Action Plan priority remains the implementation of recruitment strategies to attract Indigenous Australians to employment at Qantas. To meet this commitment, Qantas works alongside two specialist Indigenous recruitment companies, as well as undertaking roadshows to Indigenous communities to promote Qantas' Reconciliation Action Plan and employment initiatives.

This approach has led to a significant rise in the number of Indigenous Australians joining Qantas as new employees over the past year.

Qantas also recognises the importance of employee engagement to support and retain its Indigenous people. A buddy program assists new and existing Indigenous employees at Qantas by partnering them with a buddy from their work area. Qantas also runs quarterly employer forums across Australia to meet and engage its Indigenous people and seek their feedback on Qantas initiatives.

The Reconciliation Action Plan also outlines a number of new initiatives, which demonstrates Qantas' support for Indigenous Australians and the community. Qantas continues to seek out innovative ways to support and promote Indigenous culture more broadly. For example, Qantas is in partnership with the Screen Australia's Black Screen Program, to showcase the work of Indigenous film-makers on Qantas' inflight entertainment programs.

Qantas continues to support Indigenous arts and culture through a broad range of sponsorships. Currently, Qantas is a sponsor of Red Dust Role Models, Bangarra Dance Theatre, and tours by the Black Arm Band and Big Hart's Ngapartji Ngapartji production.

Qantas is on track to meet its key Reconciliation Action Plan goals. Over the next two years Qantas aims to build on its initial successes and new initiatives in the Reconciliation Action Plan to make these sustainable across the Oantas business and into the future.

The Qantas Reconciliation Action Plan is available to download at: www.qantas.com.au/info/about/ community/indigenous

Above: Qantas has had an Indigenous employment program since 1988. Its Reconciliation Action Plan, launched in November 2007, outlines Qantas commitment to increasing employment opportunities for Indigenous people, across all areas of the business.

► IMPROVING WORKPLACE LITERACY

Qantas is proud of the cultural diversity of its workforce – a diversity that is very evident across the Qantas Catering Group (QCG). At the Sydney locations of its wholly owned subsidiary, Q Catering, over 70 per cent of the 1,000 employees do not have English as their first language. This diversity provides an enormous benefit to a business that caters for a variety of international cuisines.

To ensure effective communication of complex instructions and customer, legal and business needs, Qantas established a Workplace English Language and Literacy (WELL) program in November 2007. Under this program, 120 employees will be trained in the areas of Safety, Food Safety, Cultural Diversity and Customer Service by the end of November 2008.

The QCG was awarded government funding towards the WELL program after it demonstrated the importance of this job-related workplace training in meeting the business' operational requirements.

To date, 50 people from Q Catering have completed the training pilot program. Benefits from the program are already apparent with improvements in employee morale, engagement and understanding of policies, aims and business objectives. People have also had the opportunity to mix with a far broader range of colleagues.

The QCG is planning further skills training – for example, Front Line Leaders Certificate III and Food Processing Certificate I and III. There is also a comprehensive information technology training program to ensure the success of QCG's new national enterprise resource planning system.

Below: Q Catering continues to build the capability of its diverse workforce through its Workplace English Language and Literacy program.





Aviation must play its part in minimising greenhouse gas emissions. Aviation accounts for two per cent of global CO₂ emissions, and this could grow to three per cent by 2050.

challenging environmental improvement target of a two million tonne saving of carbon dioxide emissions and a 7.5 per cent improvement in fuel efficiency by 2011. 37

Aviation must play its part in minimising greenhouse gas emissions. Aviation accounts for two per cent of global carbon dioxide (CO₂) emissions and this could grow to three per cent by 2050.

Emissions trading schemes are in development in three of the main jurisdictions in which Qantas operates: Australia (2010), New Zealand (2011) and the European Union (2012). These schemes could introduce material compliance costs for the Group. Qantas continues to press for harmonised schemes that create a level playing field for all participants and 'time to adapt' given the broad benefits aviation brings relative to the size of its carbon footprint.

Reducing Fuel Consumption

Qantas has no direct control over market fuel prices. Key risks include:

- limited ability to pass on additional fuel costs to customers;
- timing of delivery of new, more fuel efficient aircraft; and
- pace of innovation required to move to a lower emissions future.

To reduce greenhouse gas emissions and fuel costs, the Qantas Group must reduce fuel consumption.

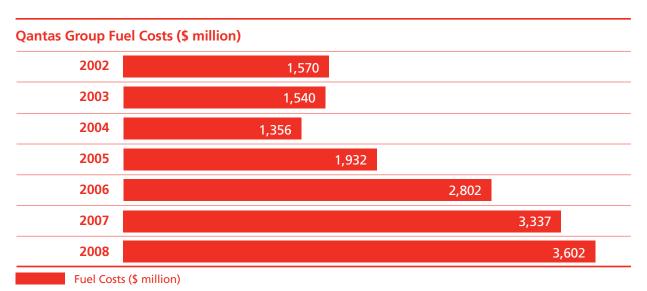
Qantas is targeting a greater than 25 per cent improvement in emissions intensity by 2020 and has set an aspirational target of zero carbon emissions within 50 years, earlier if possible. This estimate is based on the planned arrivals of new technology aircraft, further operational efficiencies, the introduction of cleaner jet fuels and improvements in government controlled air traffic management systems.

Qantas' response to climate change is based on four pillars:

- measurement, target setting and transparency;
- mitigation;
- adapting for the future; and
- offsetting.

Measurement, Target Setting and Transparency

In 2007, the Qantas Group set a challenging environmental improvement target of a two million tonne efficiency saving of carbon dioxide emissions and a 7.5 per cent improvement in fuel efficiency by 2011.



In 2008, additional improvement targets have been established, although the focus will remain foremost on improvement in fuel efficiency as this will have the greatest operational and environmental benefits.

Targets to 2011	
Improvement in fuel efficiency (litres of fuel/100 Revenue Tonne Kilometre)	7.5%
Reduce electricity consumption	10%
Reduce water consumption	25%
Reduce waste to land fill	25%

Mitigation

Over 95 per cent of Qantas Group carbon emissions result from aircraft fuel consumed in the course of normal flying operations. The most effective mitigation strategy is to firstly invest in advanced aviation technologies as well as improving the fuel efficiency of our existing aircraft, where possible. Qantas' Fuel Conservation program has achieved its target of \$100 million savings over the last three years. In light of rapidly increasing fuel costs, a target of \$100 million savings has been set for 2008/09.

Managing environmental impacts is a complicated balancing act. Actions to mitigate one impact may adversely affect another. For example, the most fuel efficient flight path may reduce greenhouse gas emissions but it may increase the number of people exposed to aircraft noise. In some cases, Qantas has been required to operate a fully noise compliant but less fuel efficient flight path in response to local community concerns.

Environmental performance is a key consideration of the Group's fleet strategy. Under a multi-billion dollar fleet investment program, Qantas is taking advantage of the latest technology in airframe and engine designs to deliver substantial reductions in carbon and noise emissions. New technology aircraft, such as the A380, the B787 Dreamliner and the Bombardier Q400, will deliver significant improvements in fuel efficiency (see Fleet, page 26).

Given the importance of improving fuel efficiency and reducing emissions, Qantas continues to implement fuel conservation initiatives, including:

- optimising flight paths through the use of Global Positioning System (GPS) technology;
- optimising speed, based on daily variations in wind, temperature and weight, through Variable Cost Index Flight Planning;
- reducing weight onboard aircraft; and
- switching to ground power when an aircraft is at the terminal.

Jetstar will introduce additional fuel efficiency initiatives next year following successful trials in 2008. These include techniques for cleaning and polishing aircraft to improve performance.

Jetstar's Jetsaver Light offering, a new fare that provides customers with the option to travel with only carry-on baggage for a cheaper price, is reducing the operating weight of aircraft and thus reducing fuel requirements.

The Qantas Group's environmental improvement program, begreen was launched in 2008, to create environmental awareness, engage staff in environmental activities and provide the framework and strategies for Group-wide environmental management of our fuel, energy, water and waste.

Initiatives include:

- reducing inflight waste;
- increasing recycling;
- improving the energy efficiency of our facilities;
- expanding the Group's network of environmental champions; and
- providing recognition and rewards to employees for environmental innovation through an eXcel award scheme. In 2008, 46 employees or teams were nominated and 24 employees and one team were recognised with an award.

In 2008, Jetstar introduced a recycling program for the airline's outdoor advertising. Jetstar produces more than 1,500 advertising shells and billboards annually across Australia and New Zealand, which are now transformed into pencil cases and folders and donated to schools.

Adapting For The Future

Qantas continues to work with aircraft and engine manufacturers and other industry participants to develop more fuel efficient aircraft and cleaner jet fuels.

Through the International Air Transport Association (IATA), Qantas is a signatory to the Aviation Industry Commitment to Action on Climate Change Statement, signed in April 2008.

While pursuing technological breakthroughs in aircraft design and cleaner fuels, Qantas is working with local businesses and communities to adapt to changing environmental conditions. Examples of recent initiatives include:

- the introduction, in tandem with a national education campaign, of the Qantas Award for Excellence in Sustainable Tourism in 2008, which encourages tourism businesses to implement environmentally sustainable business practices;
- the creation of an Environmental Sustainability Fund through the Qantas Foundation. The Fund has a mandate to support charities that set out to improve the environment; and
- continued support of Qantas' wildlife protection and assistance programs, such as helping to save the Tasmanian Devil through research scholarships at the University of Tasmania, and raising funds for causes like the 'Ecocean' Whale Shark conservation program.

Offsetting

In September 2007, the Qantas Group launched a Greenhouse Friendly™ accredited carbon offset program that allows Qantas and Jetstar passengers to calculate and offset their share of flight emissions when making a booking. All contributions go towards Australia-based Greenhouse Friendly™ accredited abatement programs, such as tree planting and energy efficiency projects, which either remove greenhouse gases from the atmosphere or avoid their release.

Qantas has control and governance processes in place to ensure that all contributions from customers go to their intended purpose.



To launch the program, Qantas pledged to:

- offset carbon emissions of every international and domestic Qantas Group flight on 19 September 2008, Fly Carbon Neutral Day, by planting 90,000 Mallee Eucalyptus trees on two properties in central New South Wales in conjunction with CO₂ Australia; and
- offset emissions for all employees travelling for business purposes and its ground transport vehicles.

By the end of the first year of the program's operation, Jetstar and Qantas passengers had elected to offset 66,235 tonnes of greenhouse gases, which the Qantas Group has now purchased. Qantas has also paid for an additional 40,000 tonnes of offsets for Fly Carbon Neutral Day.

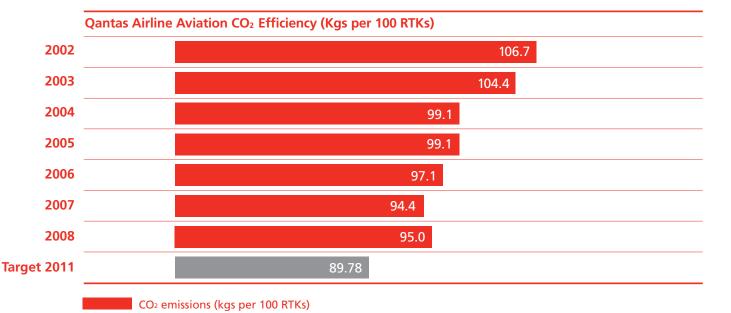
Performance

For the two years to 2008, Qantas has achieved efficiency savings of 1.3 million tonnes of carbon and is in a strong position to meet its 2011 target.

In 2008, there was a small decrease in fuel efficiency compared to 2007. This was caused by a decline in freight volumes and the introduction of Premium Economy on the B747-400 fleet, leading to a reduction in seats per aircraft.

In 2008, Qantas Airline's Aviation CO2 efficiency in kilograms per 100 RTKs is 95.0 or 100.5 on a carbon dioxide equivalent (CO_{2-e}) basis.

Jetstar's Carbon Offset program has become one of the most successful programs in the Australian airline industry. Jetstar has collected almost \$600,000 to purchase abatement through programs approved by the Department of Climate Change. Approximately 12 per cent of all passengers booking at Jetstar.com in Australia currently choose to offset their share of flight emissions. It has been particularly successful on a number of domestic routes, including Sydney-Ballina Byron and Melbourne-Ballina Byron, which have averaged 24 per cent and 20 per cent respectively of passengers booking via the web choosing to carbonoffset their flight.



Above: Washing aircraft reduces drag and fuel consumption but uses water. Qantas recognises that this has a significant environmental impact and wherever possible utilises water minimisation plans to conserve water.



QANTAS CATERING GROUP (QCG) – SNAP FRESH LEADING WITH FRESH IDEAS ON SAVING WATER

The imperative to save water has developed into a financial and environmental gain for Snap Fresh, a wholly owned subsidiary of Qantas Catering Group (QCG), the largest flight catering business in the southern hemisphere. When Queensland was in the midst of a drought and businesses subject to high-level water restrictions, the Queensland based business of QCG reduced its water consumption, significantly surpassing state requirements.

Snap Fresh began by monitoring how much water was being consumed in washrooms. Monitoring was soon expanded to measure water consumption at various sites around the business, including water used in food production.

An early challenge in measuring the water consumption of all business areas was that only one water meter was located on the site – the council's main water meter. To overcome this, Snap Fresh installed new water meters at various sites around the business that measured each business unit's consumption on a daily basis.

The practice was refined when Snap Fresh moved away from manual recording and converted the meters to digital recording devices. The use of Supervisory Control and Data Acquisition through the use of Programmable Logic Control has eliminated the risk of human error, and saved the time of employees undertaking the manual logging each day.

Qantas provided capital funds for the installation of the digital equipment and also for infrastructure to capture and store the excess water.

Over time, it became obvious that Snap Fresh would not only meet its water saving targets, but would exceed them. Between 1 July 2005 to 30 June 2006, water usage was reduced from 81 million litres per annum to 64 million litres per annum.

Today, the same water monitoring practices are still operating, and this year Snap Fresh has reduced its water usage to just 18 kilolitres of water used per tonne of food produced – a reduction of 16kL since 2005. The company is currently working on reducing its water savings in food production to under 15kL.

Snap Fresh has been widely recognised for its environmental sustainability initiatives, including being named by the Queensland Premier's Department as one of the State's 10 best water savers. Qantas has also awarded a Snap Fresh employee with the Annual Environmental eXcel Award – a company-wide award in recognition of environmental best practice.

Above: Recently, Snap Fresh achieved certification of its Environmental Management System (EMS) to the AS/NZS ISO 14001 international standard. An EMS ensures a comprehensive approach to identifying, controlling and where appropriate, systematically targeting improvements in environmental performance.

HELPING TO SAVE THE TASSIE DEVIL FROM EXTINCTION

In 2008, the iconic Tasmanian devil (Sarcophilus Harrisii) was officially listed as 'endangered' under Tasmania's Threatened Species Protection Act 1995. A mysterious form of communicable cancer is sweeping through the species which could see the devil extinct within 20 years.

In partnership with the University of Tasmania and the Tasmanian Government, Qantas launched a research program in September 2006 to fund two PhD scholarships into the disease. Qantas also set up sculptured Tasmanian devil donation receptacles in terminals at major Australian airports and Tasmanian tourist destinations.

To date, Qantas has provided funds for six scholarships.

Researchers witnessed a breakthrough in early 2008 when one devil, Cedric, showed an immune response to the cancer. Their work has been critical in identifying the possibility of a genetic group of devils who may be resistant to the disease. Save the Tasmanian Devil program researcher Greg Woods, who has partnered with Qantas PhD research scholarship recipient Alex Kreiss, described it as "the most exciting thing that has happened in this program".

With the help of Australian air Express, Qantas has also freighted shipments of Tasmanian devils to wildlife parks in other states in mainland Australia. These devils could one day play an important role in helping to re-establish healthy populations in Tasmania.

Weblinks:

www.qantas.com.au/info/about/community/environment www.utas.edu.au/foundation/devil.htm

Below: Through the Spirit of the Environment program Qantas is helping save the iconic Tassie devil from extinction in partnership with the University of Tasmania and the Tasmanian Government.





The Qantas Group's fleet strategy is based on investing in the most sustainable and technologically advanced aircraft, taking into consideration safety, fuel efficiency, passenger comfort, cost and environmental factors such as noise emissions.

The Qantas Group has the flexibility to match different aircraft types to shifting customer requirements and network demands.

The Qantas Group spends around \$3 billion each year on the ongoing renewal and growth of its fleet, with current aircraft orders worth \$35 billion at list prices. More than 200 new aircraft are scheduled for delivery from August 2008, which will facilitate the retirement of older aircraft.

The new generation A380 delivered in September 2008 and B787 Dreamliner aircraft to be delivered from late 2009 remain central to the future of the Group's flying businesses. Both types, including the variants of the B787, were carefully assessed to ensure they matched the specific performance, market and route requirements of the Qantas Group.

The fuel efficiency of these models compared to currently available aircraft of similar size will provide an important contribution to the efficiency savings required for a sustainable future.

More than 200 new aircraft are scheduled for delivery from August 2008, which will facilitate the retirement of older aircraft.

Milestones

In July 2007, Qantas announced it would increase its B787 commitment by 20 to 65 firm orders. The first B787 aircraft will be delivered in late 2009.

In October 2007, Qantas announced the purchase of 12 additional 72-seat Bombardier Q400 aircraft. These aircraft, delivered from July 2008, fly at jet-like speeds and will increase capacity and service frequency on key regional routes. The Q400 offers a 35 per cent improvement in fuel efficiency compared to similar sized jet aircraft and will facilitate the retirement of QantasLink's Dash 8-100 fleet by the end of 2008.

In November 2007, Qantas unveiled its short-haul fleet plan for the next decade by announcing the acquisition of up to 188 narrowbody aircraft to support the further growth of its two brands, Qantas and Jetstar, in Australia and Asia. The Group will acquire 68 A320/A321 aircraft plus 40 options and purchase rights, and 31 B737-800 aircraft plus 49 options and purchase rights. The firm aircraft will be delivered over a six-year period, with options securing additional delivery slots through to 2017.

Qantas will take delivery of its 20 A380 aircraft between September 2008 and 2013.

As well as providing vital capacity into constrained airports such as Los Angeles and London, the world's biggest passenger aircraft will offer a 10 per cent reduction in fuel consumption per passenger compared to the B747 and a substantially decreased noise footprint.

Above: Qantas is taking advantage of the latest technology in airframe and engine designs, like those of the B787 Dreamliner, to deliver substantial reductions in carbon and noise emissions.

B787

The Qantas Group's order for up to 115 B787 aircraft, including 65 firm orders, will enable the gradual replacement of the existing B767-300 aircraft.

The B787 will offer a more than 20 per cent reduction in fuel consumption per passenger compared with the B767, a 50 per cent smaller noise footprint, greater freight capacity and a greater range capability, enabling Jetstar and Qantas to fly more point-to-point services without the need to operate via hubs.

Jetstar, which will take delivery of the first 15 B787s for long-haul international flying, was originally expected to operate the new aircraft from 2008 but manufacturing delays announced by Boeing have pushed the delivery date back to late 2009.

Qantas is expected to begin operating the B787 during 2012, 15 months later than the original schedule.

Fleet Renewal

At 30 June 2008, the Qantas Group operated a fleet of 224 passenger aircraft and four freighter aircraft.

In response to continuing high fuel prices, the retirement of the four remaining B747-300 and six Dash 8-100 aircraft have been brought forward to December 2008.

Between 30 June and 31 October 2008, the following aircraft will have entered service:

- one A380;
- one A330-200;
- one A320-200;
- three B737-800s; and
- three Bombardier Q400s.

Passenger Aircraft Fleet (as at 30 June 2008)

Qantas Group						
Aircraft Type	1 July 2007	Additions/ (Disposals)	30 June 2008	Qantas, incl QantasLink	Jetstar	Total
B747-400ER	6		6	6		6
B747-400	24		24	24		24
B747-300	4		4	4		4
B767-300ER	29		29	29		29
B737-800	33	2	35	35		35
B737-400	21		21	21		21
B737-300	6	(1)	5	5		5
A330-200	4	6	10	4	6	10
A330-300	10		10	10		10
A320	24	4	28		28	28
A321		2	2		2	2
B717-200	14		14	14		14
Dash 8 100/200/300	31	(4)	27	27		27
Q400	7	2	9	9		9
Total Passenger Fleet	213	11	224	188	36	224



The Qantas Group makes a significant contribution to the community, sporting and cultural life of Australia, notably in regional and remote communities.

66 The Change for Good Partnership has raised more than \$18 million for children in more than 150 developing countries. More than \$2 million was collected through passenger donations during the year."

The Qantas Group makes a significant contribution to the community, sporting and cultural life of Australia, notably in regional and remote communities.

Sharing the Spirit

Qantas launched its most significant community program – Sharing the Spirit – in 2004, with the aim of engaging its large and diverse customer base in supporting five key charities: CanTeen, CARE Australia, Mission Australia, Starlight Children's Foundation Australia and UNICEF.

Change for Good

Now in its 17th year, the Change for Good partnership between Qantas and UNICEF, has raised more than \$18 million for children in more than 150 developing countries. More than \$2 million was collected through passenger donations during the year. These funds helped UNICEF to:

- train social workers in Cambodia for the care of children:
- improve the quality of drinking water for communities in Cambodia;
- increase access to education in Belize; and
- support HIV prevention programs for 10,000 young people in southern Thailand.

Asia Pacific Business Coalition on AIDS

Qantas is playing a leading role in developing a private sector response to HIV and AIDS in the Asia Pacific through its sponsorship of the Asia Pacific Business Coalition on AIDS (APBCA). HIV and AIDS represents a major social and economic threat to the region and, through APBCA, Qantas is assisting companies across the region to support prevention initiatives in over nine countries.

National Breast Cancer Partnership

QantasLink formed a Diamond partnership with the National Breast Cancer Foundation (NBCF) in October 2007 and painted one of its Q400 aircraft pink to support the partnership, which will raise funds for research and raise breast cancer awareness in the community, particularly in regional Australia. QantasLink exceeded its fundraising goal of \$500,000 in the 12 months to October 2008.

Workplace Giving

Workplace Giving was launched in August 2006 to enable Qantas employees to make regular charitable donations via salary sacrifice.

Spirit of Youth Awards

The Qantas Spirit of Youth Awards (SOYA) recognise and support the potential of talented young Australian artists. During the year, over 40,000 entries were submitted by young people aged between 12 and 26. SOYA winners received \$5,000 cash and \$5,000 in airfares to pursue creative opportunities abroad along with mentoring from some of Australia's best known creative talents.

Charity Flights

Each year, Qantas operates special flights to support key charities. During the year, two flights raised more than \$150,000 for the Royal Institute for Deaf and Blind Children and Melbourne's Royal Children's Hospital Annual Good Friday Appeal. Qantas also organises annual joy flights for the Rotary Club of Turramurra for around 200 disadvantaged and disabled youth, an initiative that has been in place for more than 40 years.

Left: National Breast Cancer patron, Sarah Murdoch, with QantasLink flight attendants. QantasLink has painted one of its Q400 aircraft National Breast Cancer Foundation pink to help 'fly' the message to regional Australians regarding the need for prevention and treatment of

Community

Other highlights include:

- as the Official Airline of World Youth Day, Qantas brought thousands of pilgrims to Australia in July 2008;
- a regional tour by Qantas Ambassador Peter Morrissey to address design students at TAFEs and universities in Canberra, Newcastle and Port Macquarie;
- athletics clinics conducted by Qantas Ambassador Cathy Freeman for children in Port Macquarie and Albury-Wodonga;
- the third annual Qantas AFL Kick-start Camp to develop young Indigenous players from remote areas;
- swim clinics conducted by Qantas Ambassador Kieren Perkins in regional locations such as Mildura, Dubbo, Bundaberg and Mount Isa;
- Clean Up Australia Day involvement by Qantas employees and their families, in Alice Springs, Brisbane, Canberra, Darwin, Hobart, Melbourne, and Sydney; and
- a celebrity penalty shoot out with the Qantas Socceroos in Melbourne in September 2007, raising \$10,000 for CanTeen.

Sponsorships

Sporting bodies and events supported by the Qantas Group in 2007/08 included the Australian Football League, the Australian Olympic Committee, the Australian Olympic Team, Australian Rugby Union, Football Federation Australia, the Australian Open Tennis Championships, and the Formula 1 Australian Grand Prix.

Arts institutions supported by Qantas include the Australian Ballet and The Dancers Company, AFI Awards, Helpmann Awards, Australian Brandenburg Orchestra, Australian Chamber Orchestra, Australian Youth Orchestra, Australia Business Arts Foundation, Bangarra Dance Theatre, Kookaburra The National Musical Theatre Company, Museum of Contemporary Art, National Libraries of Australia, Opera Australia, Sydney Dance Company, Tropfest, and musical productions such as Priscilla Queen of the Desert, Miss Saigon, Phantom of the Opera and Billy Elliot.

Assistance is also given at state and regional levels with partnerships including the Art Gallery of New South Wales, Canberra Symphony Orchestra, the Queensland Performing Arts Centre, Sydney Festival, Sydney Theatre Company and the Malthouse Theatre.

Jetstar

Jetstar continued its commitments to key community, sporting and educational organisations in 2007/08.

Jetstar is seeking to raise \$3 million by 2010 for World Vision through its *StarKids* initiative. Funds raised will support families living in poverty and give children a brighter future in Australia and in some of the airline's international destinations, including Indonesia, Thailand and Vietnam.

StarKids initiatives during the year include:

- a promotion by which Jetstar donated \$5 for every domestic flight booked on Jetstar.com on 30 August 2007;
- the opportunity for Jetstar customers to make coin donations on all domestic and international flights;
- appointment of Channel 7 Sunrise presenter Mel Doyle as Ambassador for the program; and
- a contribution by Jetstar of \$437,000 in cash, non-cash and in-kind support to World Vision Australia.

To support the Gold Coast, Jetstar has undertaken marketing and sales initiatives to promote increased tourism to the region and is the major sponsor of the National Rugby League team, the Jetstar Gold Coast Titans.

Jetstar provided sponsorship to AFL matches held in Tasmania and was a corporate partner of the AFL's Geelong Football Club's football volunteer program.

Jetstar is a major supporter of the Tasmanian Symphony Orchestra and its school education program. This partnership is in its fourth year.

Below left: As part of the Qantas Sharing the Spirit program a series of Swim Clinics hosted by Qantas Ambassador Kieren Perkins are being held in regional communities around the country.

Below right: The Qantas Sharing the Spirit program invited special guests from CanTeen and the Starlight Children's Foundation to enjoy a unique opportunity with Qantas Ambassador John Eales at the Wallabies Captains Run.





SHARING THE 'SPIRIT OF OUR PEOPLE' BY HELPING THE DEAF AND BLIND OVER 40 YEARS

As Australia's national carrier, Qantas has appreciated the support given to the airline by Australians for more than 87 years. Qantas never hesitates to reciprocate by supporting the Australian community in times of crisis. Qantas people, also, work tirelessly for a range of community groups and charities through initiatives under the umbrella brands 'Spirit of Our People' and 'Spirit of Community'.

A flagship 'Spirit of Our People' partnership is that between Qantas Pathfinders and the Royal Institute for Deaf and Blind Children.

In 1967, Qantas Chief Steward Pat McGann read about a young boy suffering from leukaemia and passed the hat around to the crew to buy toys for the boy. Sadly, the young boy passed away before the gifts could be presented, and the crew decided to donate the toys to the Royal Institute for Deaf and Blind Children.

The partnership continues to this day, with a growing team of Qantas people involved in organising the Qantas Pathfinders annual charity flight. This sell–out event has been operating since 2002 and has raised in excess of \$450,000 for the Institute over the last six years.

Qantas works with suppliers to ensure the entire event is financed through sponsorships and donations to maximise the proceeds received by the Institute.

The airline also plays a large part in financing the flight by supplying the aircraft and donating the catering. As a result of the commitment of Qantas and other sponsors, all activities, transfers and prizes are at no cost to the Institute.

Qantas is proud of the long association between Qantas Pathfinders and the Royal Institute for Deaf and Blind Children – a relationship that has evolved from an act of kindness to a partnership that has raised over \$5 million to assist young Australians during its 40 year history.

Weblink:

www.qantas-pathfinders.com.au

Above: As part of the Sharing the Spirit program Qantas Socceroos, Harry Kewell, Jacob Burns, James Holland and Michael Beauchamp ran a football skills clinic for junior players.



SPIRIT OF YOUTH AWARDS (SOYA) - SUPPORTING TOMORROW'S YOUTH AND STIMULATING INNOVATION

Qantas launched the Spirit of Youth Awards (SOYA) as part of its Sharing the Spirit community support program in 2004. SOYA was initially designed to recognise Australian youth aged 12 to 26 in the area of creative arts – an area where no major program existed.

In the short time since its inception, SOYA has made solid progress in becoming the prestigious award for emerging artists in the disciplines of visual arts, fashion design, industrial/object design, music, photography and moving images. Although a financial award is given, the real reward is the opportunity to learn from internationally recognised leaders whose mentorship offers winners the chance of a lifetime to develop their careers in their chosen fields.

The success of SOYA has positioned Qantas alongside Australia's innovators.

In 2008, the age limit will be raised to 30 to ensure people who have demonstrated a clear dedication to driving their career themselves are included.

"The standard of SOYA 2007 was the highest yet and the approaches of the artists very diverse. All three commended artists shed new light on traditional media."

Elizabeth Ann Macgregor Director Museum of Contemporary Art, Visual Arts Mentor

Weblink

www.soya.com.au

Above: Australian fashion designer Peter Morrissey and Qantas Ambassador Ian Thorpe with Ben Pollitt (middle), winner of the 2007 Qantas Spirit of Youth Award (SOYA) for Fashion, and Anna Plunkett (far left) and Gail Reid (far right), who received Highly Commended in the same category.

JETSTAR GIVES CHILDREN A BRIGHTER FUTURE

Jetstar's StarKids partnership with World Vision Australia aims to improve the lives of families living in poverty and give children a brighter future. Launched in May 2007, the program contributes funds to specific World Vision community-based development projects across destinations in South East Asia and Australia where Jetstar flies.

An important aspect of the partnership has been to involve Jetstar employees. Through the Workplace Giving program, employees can donate to *StarKids* regularly or sponsor a child. Employees are also encouraged to actively arrange fundraising events.

Employee enthusiasm for the *StarKids* program was displayed in May 2008, when a Jetstar head office fundraising initiative raised more than \$25,000. Funds from this fundraising drive were donated directly to a World Vision project that seeks to protect street children in Pattaya, Thailand. The project aims to change the environment in which street children live, so they are not compelled to seek the street as the only avenue of financial support for themselves and their families.

Jetstar employees also demonstrated their commitment to *StarKids* when they agreed to donate their time to visit a World Vision project outside of their normal working hours.

In May 2008, 10 employees visited the Armadale Youth Circus in Perth, a project supported by *StarKids* that seeks to raise the self-esteem of disadvantaged Indigenous youngsters.

The introduction of the *StarKids* initiative has involved significant work and team effort from across many Jetstar departments. Future activities planned for *StarKids* include a staff trip to an international World Vision project that *StarKids* supports and the appointment of employee *StarKids* ambassadors.

For more information

visit www.jetstar.com/starkids or www.worldvision.com.au

Below: Representing the most significant community partnership in the history of the value-based airline, funds raised from *StarKids* will support specific projects run by World Vision.



Qantas Foundation

The Qantas Foundation – a charitable trust responsible for consolidating and expanding Qantas' charitable activities – was established in 2008.

The Foundation, which coexists alongside Qantas' existing community program Sharing the Spirit is governed by an independent Board of Directors, and will provide support in a number of areas including the environment, humanitarian relief and Australian contemporary art.

Objectives include:

- supporting the communities in which Qantas operates;
- increasing commitment to sustainability through participation in programs;
- improving governance over philanthropic initiatives; and
- improving visibility and maximising donations and other income generated for charitable purposes.

Qantas has donated \$5.4 million to the Foundation – \$3.4 million for the Qantas Foundation Art Encouragement Fund, and \$2 million for environment-related initiatives.

\$5.4m

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Fund, and \$2 million for environment-

related initiatives.

The Qantas Foundation is also seeking to engage Qantas employees and the wider community to assist with achieving its charitable purpose. People are encouraged to make donations to the Foundation via the Qantas Workplace Giving program and the Qantas Foundation website (www.qantas.com/foundation).

Qantas has committed to funding all associated administration costs. Ernst & Young will undertake an audit at no cost.

Humanitarian Work

Since 1979, the Qantas Cabin Crew Team (QCCT) has been sharing the spirit of Qantas by supporting those less fortunate in the airline's worldwide network. This team of over 200 cabin crew, volunteer to assist communities during their rest time between arriving at an overseas destination and crewing the return flight. It is a long term commitment by Qantas employees that raises Qantas' humanitarian profile in the Australian and international community and encourages the building of relationships inside and outside the organisation.

The QCCT also share the spirit locally by participating in diverse initiatives to support the less fortunate. In 2008, these included:

- the Warm Street project, during which a team of over 100 QCCT members and their friends handed out over 1,500 blankets donated by Qantas to the homeless across Sydney;
- leading the Qantas wide Christmas present collection for Jerilderie, a country town in New South Wales ravaged by drought; and
- nourishing those in need such as at the Don Bosco House, for teenagers in crisis accommodation.

Below left: Just as important as the corporate support provided by Qantas to our community organisations, is the support of our staff through the Qantas Workplace Giving program and the hands-on help of our volunteers.

Below right: Qantas is the leading airline in the support of the arts in Australia. These include a wide and diverse spectrum of the arts incorporating such productions such as those staged by Sydney Dance Company.





QANTAS FOUNDATION ART AWARD – THE MOST GENEROUS ART PRIZE IN AUSTRALIA

Qantas has a long history of supporting Australian artists, building an Australian art collection that is one of the largest and most diverse in corporate Australia. In May 2007, Qantas decided to sell 22 artworks from the collection. Of the proceeds \$3.4 million was used to establish the Qantas Foundation Encouragement of Australian Contemporary Art Award, otherwise known as the Oantas Art Prize.

The overall aim of the award is to increase awareness of Australian contemporary art. It has been designed to encourage promising emerging artists to produce further work. It is a unique art prize in that it recognises an artist's body of work rather than awarding artists for individual pieces.

In 2008, the Qantas Foundation awarded an emerging contemporary artist from each state and territory \$20,000 in cash and \$10,000 worth of Qantas air travel to pursue their craft and expose their work to a wider audience.

Selected art centres in each state and territory short listed works from three contemporary artists. These were considered by a judging panel of eminent members of Australia's contemporary art community at the Australia Council for the Arts in Sydney.

The Qantas Art Prize was presented at a ceremony held at the Museum of Contemporary Art on 8 May 2008. Qantas Chief Executive Officer Geoff Dixon and Qantas Foundation Chairman Doug Jukes presented each state and territory winner with the \$30,000 prize. The total prize value for 2008 was \$240,000, making this the most generous art prize in Australia.

Qantas has always valued its association with the creative industries and aims to represent the best of creative Australia, to Australia and the world, for generations to come.

Above: Chief Executive Officer of Qantas, Geoff Dixon presents the Australian Capital Territory recipient of 2008 Qantas Art Prize, Karena Keys with \$20,000 cash and \$10,000 worth of Qantas air travel-to support her future work

ONEWORLD AGAINST POVERTY

In late 2007, the Qantas Cabin Crew Team (QCCT) invited cabin crew from Qantas' oneworld alliance partner airlines to participate in a number of charity projects located in Johannesburg, South Africa. This is the first time a global airline network alliance has collaborated on a humanitarian project.

The QCCT had already identified three community organisations in Johannesburg that needed help:

- Nkosi's Haven − a centre for women, children and young people suffering from HIV/AIDS;
- New Haven for Life a home for former street youths who are returning to school after many years on the streets; and
- For the Love of Children an inner city pre-school where 40 places are sponsored by the QCCT.

In October 2007 under the theme of 'oneworld Against Poverty', more than 60 cabin crew flew to Johannesburg to volunteer their time at these under-resourced community organisations with the hope of improving the quality of life of village children. The alliance volunteers took with them more than a tonne of materials donated by American Airlines that had already made the journey from the United States to Australia.

With the help of the **one**world cabin crew volunteers, the QCCT planted two vegetable gardens at Nkosi's Haven to enable the centre to become self-sufficient and provide nutritional food to the children in its care.

As well as caring for AIDS sufferers, the centre acts as a 'drop-in' venue for the children and young people living in the village.

Despite the number of children using the centre there was little infrastructure; to address this, the team built a multi-functional sports complex incorporating basketball, soccer and cricket.

At New Haven for Life, the QCCT and **one**world alliance cabin crew carried out renovations including painting and tiling, establishing a garden and furnishing the home with much needed beds.

These two projects took the volunteers just over three days to complete, using over \$7,000 worth of donated materials.

While in Johannesburg, the cabin crew took over 100 pre-schoolers from the For Love of Children school on a rare excursion to a working farm on the outskirts of the city.

The success of this inaugural 'oneworld Against Poverty' project is a result of the dedication of the QCCT in meeting varying logistical and transport challenges. Qantas and oneworld partner airlines are currently refining the planning process for the second global alliance 'oneworld Against Poverty' event in 2009.

Below: Since 1999, the Qantas Cabin Crew Team has been involved in a number of different projects in Johannesburg. As a practical charity, twice a year QCCT Flight Attendants use their 'free time' in Johannesburg to assist projects in whatever way they can.





QANTAS CABIN CREW PROJECT – CARING FOR ZIMBABWE'S UNDERPRIVILEGED CHILDREN

For the past 17 years the Qantas Cabin Crew Team (QCCT) has provided humanitarian assistance to a community in Zimbabwe. The QCCT's work in this community assists homes for orphaned, homeless and underprivileged children. Many of the projects allow the homes to be self-sufficient.

Support has taken a variety of forms including:

- sponsorship of children's education;
- establishment of hospitality and computer education
- the purchase of equipment such as white goods; the purchase of a mini bus; and
- facilitating the donation of surplus equipment from Qantas, including hundreds of blankets, computers and large quantities of clothing collected by staff.

In 2008 QCCT began supporting the Chiedza Child Care Centre in Zimbabwe. In March 2008, Chiedza Support Services Director Stella Mesikano visited Australia. The QCCT organised a range of speaking events for Stella

to maximise the opportunities for public awareness. The funds raised will be used for much needed food and medication, school textbooks and installation of an irrigation system.

A long-term goal of the QCCT is to assist the community to generate a sustainable income. The QCCT is helping to achieve this through projects such as the establishment of a tailoring facility and a rabbit breeding program that will ultimately result in developing an economic base to ensure the community's long term sustainability.

Weblink

www.qcct.org.au

Above: Children from the Chiedza Child Care Centre with Glenn Price, head of the Qantas Cabin Crew Team hold a donated Qantas business class blanket. Surplus equipment from Qantas, enables the home to be self-sufficient in a country that is facing immense economic hardship and instability.

Key Performance Statistics

1. Health and safety	Unit	2008	2007	2006	2005	GRI Indicator ¹
Aviation fatalities	#	0	0	0	0	
LTIFR (Australia)	Rate	5.1	6.3	7.9	12.2	LA7
SIFR (Australia)	Rate	13.2	12.3	15.4	17.5	LA7
Occupational Health and Safety fatalities						
– Permanent employees	#	1	0	0	0	LA7
– Contractors	#	0	0	1	0	LA7
2. People						
Number of full-time equivalent employees						LA1
Flying business	#	16,807	16,738	16,350	16,699	
– Qantas	#	14,072	14,780	14,945	15,533	
– Jetstar	#	2,735	1,958	1,405	1,166	
Portfolio and service businesses ²	#	14,927	14,019	15,178	16,150	
 Airports, Catering and Flight Training 	#	7,998	7,800	8,645	8,983	
– Engineering	#	5,551	5,403	5,764	6,424	
– Freight	#	838	816	769	743	
– Holidays³	#	487	_	_	_	
– Frequent Flyer⁴	#	53	_	_	_	
Corporate support	#	1,824	2,074	2,250	2,254	
Total	#	33,558	32,831	33,778	35,103	
Turnover of employees						LA2
Flying business	%	11.8	11.7	7.0	6.8	
– Qantas	%	11.6	11.9	6.7	6.3	
– Jetstar	%	12.7	10.6	10.7	13.3	
Portfolio and service businesses	%	8.1	10.1	11.6	4.7	
– Airports, Catering and Flight Training	%	9.5	11.1	9.4	5.8	
– Engineering	%	7.2	9.2	16.1	2.9	
– Freight	%	7.4	5.8	5.7	5.5	
– Holidays	%	23.6	_	_	_	
– Frequent Flyer	%	2.0	_	_	_	
Corporate support	%	22.6	16.6	10.9	8.6	
Total	%	10.7	11.3	9.3	6.0	
Diversity of employees ⁵						LA13
Number of women	#	13,158	12,760	12,936	13,190	
% Women	%	39.2	38.9	38.3	37.6	
% Women in senior positions ⁶	%	22.7	22.5	22.6	23.3	
% Part-time over 55	%	7.8	7.5	7.2	6.3	
Average age	Years	41.2	41.2	41.0	40.4	
Indigenous	#	203	141	136	132	

Sustainability Statistics and Policies

Key Performance Statistics continued

						CDI
3. Environment	Unit	2008	2007	2006	2005	GRI Indicator ¹
Energy consumption						
Aviation fuel	000 L	4,849,430	4,680,270	4,561,238	4,392,991	EN3
Electricity (Australia) ⁷	MWh	248,007	246,776	236,858	231,095	EN3
Natural gas (Australia) ⁷	Gj	322,354	361,353	289,463	292,959	EN3
Ground petrol and diesel (Australia) ⁷	000 L	7,233	7,127	6,998	7,023	EN3
Water (Australia)	KL	907,800	929,305	_	_	EN8
Emissions						
CO ₂						
– Aviation	Tonnes	11,915,050	11,499,423	11,206,962	10,793,578	EN16
CO _{2-e}						
– Aviation	Tonnes	12,608,518	_	_	_	EN16
– Ground vehicles (Australia) ⁸	Tonnes	19,177	18,992	18,714	18,768	EN16
NOx ⁹			ŕ	•	•	
– Aviation (Qantas)	Tonnes	3,511	3,387	3,273	3,294	EN20
Aviation efficiency						
CO ₂ per 100 RTKs (Qantas)	Kgs	95.0	94.4	97.1	99.1	EN5
CO _{2-e} per 100 RTKs (Qantas)	Kgs	100.5	_	_	_	EN5
Fuel per 100 RTKs (Qantas)	L	38.7	38.4	39.5	40.3	EN5
NOx per LTO Cycle (Qantas) ¹⁰	Kgs	22.6	22.5	22.4	22.0	EN5
Unplanned events						
Fuel jettison ¹¹	No. of times	4	11	13	n/a	EN23
Fuel spills ¹²	No. of times	77	67	65	53	EN23
4. Economic contribution (Australia)						
Direct						
National export revenue ¹³	\$M	5,976.2	_	_	_	EC1
Domestic tourism expenditure ¹⁴	\$M	17,256.2	_	_	_	EC1
Indirect						
Economic output ¹⁵	\$M	34,003.2	_	_		EC9

- 1 For information on the indicators, refer to the GRI G3 Reporting Framework for Sustainability Reporting, www.globalreporting.org.
- 2 Consistent with the Group's Segmentation Strategy, Holidays, Frequent Flyer and Flight Training have been separated from Qantas Airlines in 2008.
- 3 The Qantas Holidays Limited and Jetset Travelworld transaction occurred post 30 June 2008.
- 4 Frequent Flyer became a separate business as at 31 December 2007.
- 5 Number and % of Women are based on FTEs; all other diversity statistics based on headcount.
- 6 Senior positions defined as General Manager, Group General Manager and Executive General Manager.
- 7 2007 comparative figures have been restated to reflect actual data for Electricity, Gas and Ground Petrol and Diesel which were not available at the time the 2007 Sustainability
- 8 All prior year emissions have been restated using Scope 1 factors as per the AGO Factor Workbook.
- 9 Calculated for Qantas jet aircraft emissions below 3,000 feet using standard engine certification emission factors as provided by the ICAO.
- 10 The method used for calculating NOx efficiency performance has been revised since 2007 to more accurately reflect the nature of NOx emissions. It is based on the landing takeoff (LTO) cycle per aircraft rather than per 100 million RTKs.
- 11 Only Qantas aircraft have the ability to jettison fuel.
- 12 At least 65 per cent of fuel spills were categorised as minor (less than 100 litres).
- 13 Calculated as 1,945,377 inbound visitor passengers carried by Qantas and Jetstar (source: ABS) x assumed visitor expenditure of \$3,072, which is the average expenditure per visitor according to the March 2008, Tourism Australia's International Visitor Survey. This amount does not include the value of airfare and freight charges that foreigners pay to Qantas which also represent export revenue.
- 14 Calculated as 28,904,930 domestic passengers carried by Qantas for all flights within Australia x assumed visitor expenditure of \$597, which is the average expenditure per overnight visitor according to the March 2008, Tourism Australia's National Visitor Survey. This amount includes the value of related airfares.
- 15 Calculated as \$16,192 million (2008 Qantas Group revenue) x Access Economics multiplier 2.1. This includes approximately \$18 billion to the non-aviation sector, using an Access Economics multiplier of 1.1

People

Qantas provides a range of employment benefits to its employees and has a number of talent programs to develop emerging leaders. Employment benefits include:

- 12 weeks paid maternity leave (including adoption) and up to two years unpaid parental leave for the primary care-giver, consistent with Australian best practice;
- one weeks paid paternity leave (including adoption);
- 10 days carer's leave per year;
- salary sacrifice programs (such as superannuation and motor vehicles);
- a comprehensive Health and Wellbeing program that includes onsite Weight Watchers and access to scheduled exercise and health classes at Qantas premises;
- the Employee Assistance program, a self-referral counselling program;
- access to affordable, high-quality, employer-sponsored childcare centres in Melbourne and Sydney, with a third soon to open in Brisbane; and
- opportunities for reduced cost air fare travel.

Talent programs include:

- Senior Executive Program commenced in December 2006. 25 senior executives participated in this program during the year;
- Emerging Leader Program. 61 Emerging Leaders are currently participating in the program and a new intake of 44 will commence in November 2008;
- the Qantas Graduate Program. 30 graduates were recruited in 2008 and 32 have accepted offers to commence in 2009;
- the Australian Qualifications Framework is used to deliver targeted, accredited and cost effective training to Front Line Leaders and an externally benchmarked management capability framework for the development of managers; and
- The Leadership Transitions Program, to be launched in late 2008, will focus on better supporting new managers and transitioning managers to their new roles.

Supply Chain Management

The Qantas Group's operations require that significant quantities of goods and services are procured and delivered through often complex supply chains on a global scale. These include common use as well as many specialist items ranging from stationery to aircraft. The diversity of the products, markets, cultures and regulatory regimes associated with these purchases can potentially expose the Group to ethical, legal, financial, operational and commercial risks. As more than 60 per cent of revenue is spent with suppliers, rigour in procurement processes, practices and dealings with suppliers is essential to achieve strong sustainable business results and competitive pricing as well as sound ongoing relationships with key suppliers.

The objective of procurement in Qantas is to maximise shareholder value from all significant supplier relationships. A disciplined, systematic ongoing process for achieving reliable, ethical and sustainable supply of externally purchased goods and services is essential. At the same time, reducing total costs and maintaining or improving levels of quality, service and technology are a key focus.

Suppliers and their personnel are required to comply contractually with a rigorous 'Supplier Requirements' undertaking. These requirements include specified standards and expectations in the areas of Occupational Health and Safety (OHS), Environment, Security, Personal Behaviour, Equal Opportunity, Harassment and Bullying, and Fraud and Theft.

The 'Qantas Procurement Document' sets out Qantas' position in a number of key areas including ethics, how Qantas buys, how Qantas assesses suppliers, the approval process and Qantas/Supplier relationships.

'Supplier Requirements' and the 'Qantas Procurement Document' are available at www.gantas.com.au/info/ about/purchasing/policy.

Human Rights and Society's Expectations

Qantas policies require all employees to act ethically and comply with laws. The Qantas Code of Conduct & Ethics is the primary policy governing business actions and is publicly available on **qantas.com**. Qantas takes policy compliance seriously and requires all senior managers to semiannually declare their compliance.

The following statements clarify Qantas' policies of relevance to an assessment of its sustainable business practices:

- Qantas is progressively changing its standard terms and conditions to include a requirement for suppliers to recognise human rights in the acquisition and/or production of their supply to Qantas;
- Qantas complies with section 305B of the Commonwealth Electoral Act, which requires donors to political parties to disclose contributions through lodgement of a Donor Return. Qantas representatives take up opportunities for business networking and contact with Ministers and Members of Parliament to make known the Group's position on public policy: however, to ensure transparency, this is disclosed in the Return, as required. Qantas does not make direct contributions to political parties;
- Qantas and its employees are expected to comply at all times with all laws governing its operations, including the Trade Practices Act and the competition laws of every jurisdiction in which it operates. Qantas approaches any allegation of a breach seriously and proactively engages with the regulator to resolve the matter. Refer to pages 113 and 123 of the 2008 Qantas Annual report, for details on existing investigations;
- Qantas has a comprehensive Crime and Corruption Policy which all employees are required to comply with. The policy requires that all Qantas Group business units document and report all crime and corruption risks and be accountable for them. It places responsibility for crime prevention, detection, deterrence and reporting with the segment and business units.

Reporting Information

- Qantas investigates and takes seriously all claims of discrimination against or by employees/contractors or customers. Qantas has a solid policy foundation, with managers undergoing regular training to ensure they understand how to prevent and identify discrimination;
- Qantas regularly monitors customer attitudes and seeks feedback on areas for improvement. Complaints are taken seriously and are tracked to feed into a continuous improvement program. Qantas surveys are used to measure customer satisfaction and these results are compared with internationally recognised airline industry surveys, such as Skytrax and IATA Global Airline Performance reports;
- all Qantas Group advertising, promotional and marketing material must comply with relevant consumer protection laws. To ensure compliance, it is Qantas Group policy that all advertisements, promotional and marketing material is reviewed by the Qantas Legal Department before publication; and
- Qantas has had a policy of protecting customers' personal information long before the Privacy Act was amended to apply to business. Qantas takes its privacy obligations very seriously and investigates thoroughly any allegations of wrongful use or disclosure.

Importantly, Qantas policies require compliance with all laws in the countries in which the Qantas Group operates. Qantas policies are regularly reviewed to ensure they reflect the highest standard in community and corporate expectations.

Reporting Information

Global Reporting Initiative (GRI) Guidelines

The selection of content and key performance measures is made on the basis of materiality, stakeholder interest and guidance provided by the leading sustainability framework, the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines. The GRI provides a generally accepted framework for sustainability reporting that can be used by organisations of any size, sector or location. The Guidelines and further information can be found at www.globalreporting.org.

As part of its sustainability journey, the Qantas Group continually reviews the list of GRI indicators to select those that are most relevant and applicable to its business and stakeholders in the key areas of environment, labour, safety and health and economic contribution. By focusing on the most important indicators, the Qantas Group is most effective in managing its material sustainability risks.

Compliance with Reporting Requirements

The Qantas Group is well progressed in its preparation to meet its future obligations under the National Greenhouse and Energy Reporting Act. A cross-functional project has been undertaken to ensure that processes exist to capture data that is complete and accurate.

The Qantas Group has participated in the 2006 and 2007 Carbon Disclosure Project Questionnaire and will continue to do so for the foreseeable future.

The Qantas Group also fulfils its obligations in reporting to diverse number of additional compulsory reporting requirements, both state based and international, for areas included in its sustainability landscape. These include annual reporting requirements to a number of Australian Government bodies such as the Equal Opportunity for Women Agency (EOWA), Greenhouse Friendly™ Initiative and the Energy Efficiency Opportunities (EEO) program.

Further information on Corporate Governance and Remuneration can be found in the 2008 Qantas Annual Report, available from gantas.com.

Feedback

Qantas is at the beginning of its journey in Sustainability Reporting. We would appreciate your feedback to help shape the content of future reports.

Please contact us with feedback by writing to sustainability@qantas.com.au or visiting qantas.com/sustainability.



Introduction

We have been engaged by Qantas to review selected sustainability performance data (the Performance Data) for the year ended 30 June 2008 as reported in the Qantas Sustainability Report (the Report) on pages 38 and 39.

Sustainability reporting in the Report and management responsibilities

The management of Qantas are responsible for the preparation of the Report and the information and assessments contained within it, for determining Qantas' objectives in relation to sustainability performance, and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. Management's assertions about the effectiveness of the performance management and internal control systems are included in a separate letter we have received from management.

Review approach

We have conducted an independent review of the Performance Data set out on pages 38 and 39 of the Report for the year ended 30 June 2008, for Qantas' Group operations in Australia and overseas (unless otherwise stated).

There are no mandatory requirements for the preparation, publication or review of sustainability performance data. Qantas applies its own internal reporting guidelines for sustainability reporting ("the Criteria"), a concise version of which can be found in the Glossary on page 44 of the Report. The selection and suitability of the Criteria is the responsibility of management and our review did not include an assessment of the adequacy of the Criteria. Further, the internal control structure which management has established and from which the Performance Data has been derived, has not been reviewed and no opinion is expressed as to its effectiveness.

Our review was conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board, and with Australian Auditing Standards AUS 108 "Assurance Engagements" and AUS 902 "Review of Financial Reports". A review is limited primarily to inquiries of company personnel and other procedures applied to the compilation and presentation of the quantitative data. A review does not provide all evidence that would be required in an audit thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

We performed procedures in order to obtain all the information and explanations that we considered necessary to provide sufficient evidence for us to state whether anything has come to our attention that would indicate the Performance Data has not been presented fairly in accordance with the Criteria established by management.

Our review report is prepared for the use of Qantas. We disclaim any assumption of responsibility for any reliance on the review report, or on the Sustainability Report it relates to, to any person other than Qantas or for any other purpose other than that for which the review report is prepared. Our prior written consent is required before our name is quoted in any material other than in the Report. The definitive version of the review report will be the one bearing our original manuscript signature and Management are responsible for any errors or inaccuracies appearing in any reproduction in any form or medium.

The Performance Data

We have conducted an independent review of the Performance Data set out on pages 38 and 39 of the Report for the year ended 30 June 2008, for Qantas' Group operations in Australia and overseas (unless otherwise stated).

- Aviation Fuel (on page 39);
- Electricity (Australia) (on page 39);
- Natural Gas (Australia) (on page 39);
- Ground Petrol and Ground Diesel (Australia) (on page 39);
- Water (Australia) (on page 39);
- Fuel per 100 Revenue Tonne Kilometres (RTK) (Qantas) (on page 39);
- CO2 and CO2-e emissions per 100 Revenue Tonne Kilometres (RTK) (Qantas) (on page 39);
- NOx per Landing Take-Off Cycle (LTO) (Qantas) (on page 39);
- CO2 emissions for Aviation (on page 39);
- CO_{2-e} emissions for Aviation (on page 39);
- CO_{2-e} emissions for Ground Vehicles (Australia) (on page 39);
- NOx emissions for Aviation (Qantas) (on page 39);



- Fuel spills (on page 39);
- Fuel Jettison (Qantas) (on page 39);
- Qantas' economic contribution to Australia (on page 39);
- Lost time injury frequency rate (LTIFR) (on page 38);
- Serious injury frequency rate (SIFR) (on page 38);
- Number of OHS fatalities (permanent employees and contractors) (on page 38);
- Number of Full Time Equivalent employees for Flying Businesses (Qantas, Jetstar), Portfolio and Service Businesses (Airports, Catering and Flight Training, Engineering, Freight, Holidays and Frequent Flyer), Corporate Support (on page 38);
- Number and Percentage of Full Time Equivalent female employees (on page 38);
- Percentage of women in senior positions (on page 38);
- Percentage of part-time employees over 55 (on page 38);
- Turnover of employees for Flying Businesses (Qantas, Jetstar), Portfolio and Service Businesses (Airports, Catering and Flight Training, Engineering, Freight, Holidays and Frequent Flyer), Corporate Support (on page 38);
- · Indigenous employees (on page 38); and
- Average age of workforce (on page 38).

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, nothing came to our attention to indicate that the Performance Data set out on pages 38 and 39 of the Report for the year ended 30 June 2008 has not been presented fairly in accordance with the Criteria established by management.

Sydney, 22 September 2008

Martin Sheppard

March Stepard

Partner

Glossary

Australian Greenhouse Office (AGO)

Australian Securities Exchange (ASX)

Aviation Fatality

A person who is fatally injured as a result of being in an aircraft or having direct contact with any part of the aircraft.

Carbon Dioxide (CO2)

A colourless, odourless, incombustible gas formed during respiration, combustion and organic decomposition, and is the most prominent greenhouse gas in the earth's atmosphere.

Emissions shown in this Report have been calculated for aviation

Carbon Dioxide Equivalent (CO2-e)

The universal unit of measurement to indicate the global warming potential (GWP) of greenhouse gases, expressed in terms of the GWP of one unit of carbon dioxide.

Emissions shown in this Report have been calculated for ground and aviation fuel.

Occupational Health and Safety Fatality

The death of a worker occurring in the current reporting period, arising from an occupational injury or disease sustained or contracted while in the reporting organisation.

Emergency release of fuel to reduce the weight of the aircraft to the maximum landing weight.

The accidental spillage of aviation fuel material at airport sites.

Full-time Equivalent Employees (FTE)

Global Reporting Initiative (GRI)

Indiaenous

Indigenous Australians are of Aboriginal or Torres Strait Islander descent, who identify as Indigenous People, and who are accepted as such by the community in which they live.

International Air Transport Association (IATA)

International Civil Aviation Organization (ICAO)

Lost Time Injury (LTI)

A work related injury (or illness) that resulted in a fatality, permanent disability or the loss from work of one day or shift or more.

Lost Time Injury Frequency Rate (LTIFR)

The number of LTIs per million hours worked.

Nitrogen Oxide (NOx)

The generic term for a group of highly reactive gases, all of which contain nitrogen and oxygen in varying amounts. NOx is formed when fuel is burned at high temperatures, as occurs in the combustion process.

Revenue Tonne Kilometres (RTKs)

Total number of tonnes of paying passengers, freight and mail carried, multiplied by the number of kilometres flown.

Serious Injury Frequency Rate (SIFR)

The number of workplace injuries resulting in seven or more total and/or suitable duties days lost per million hours worked.

Sustainable Future Program (SFP)

Turnover of Employees

Total number of employee terminations expressed as a percentage of total headcount

Registered Office

Qantas Airways Limited ABN 16 009 661 901

Qantas Centre

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Qantas Share Registry

Level 12, 680 George Street, Sydney NSW 2000, Australia

Locked Bag A14, Sydney South NSW 1235, Australia Freecall 1800 177 747 International (612) 8280 7390 Facsimile (612) 9287 0303 Email registry@gantas.com

Stock Exchange

Australian Securities Exchange, 20 Bridge Street, Sydney NSW 2000, Australia

Depositary for American Depositary Receipts

The Bank of New York Mellon, ADR Division, Level 22, 101 Barclay Street, New York NY 10286, USA **Telephone** 1 (212) 815 2276 **Facsimile** 1 (212) 571 3050

Company Secretary Cassandra Hamlin



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