

For Qantas, operating in the best interests of our passengers, employees, shareholders and Australia is a balancing act. Our commitment to the economy, the environment and society is long standing. We aim to maximise the positives and minimise negatives.

To provide visibility over our progress, this year Qantas introduces sustainability information which has been independently reviewed. This can be found on page 136.





A photograph of two children in school uniforms on a beach. A boy stands on the left, looking out at the ocean. A girl sits on the right, smiling. The background is a bright blue sky and ocean.

## Sustainability Highlights

### Carbon dioxide emission savings

In the year, Qantas achieved savings of more than 280,000 tonnes, of which 130,000 tonnes related to specific initiatives to improve operational fuel efficiency.

### Safety certification

In 2006/07, Qantas achieved the internationally recognised IATA Operational Safety Audit Certification.

### \$100 million on security

Qantas spent more than \$100 million on equipment and infrastructure for domestic checked baggage screening, closed circuit television and explosive trace detection devices.

# Sustainability



## Community

**Qantas' community support is visible through an active partnership program that encompasses a wide range of community, arts and sporting organisations.**

### Sharing the Spirit

Qantas launched its most substantial community support program – Sharing the Spirit in 2004.

This important initiative provides assistance to five key charities – CanTeen, CARE Australia, Mission Australia, Starlight Children's Foundation Australia and UNICEF.

### Highlights for 2006/07 included:

- hosting 80 guests from Starlight Children's Foundation and Mission Australia at the Australian Formula 1 Grand Prix in March 2007;
- interactive athletics clinics for schools conducted by Qantas Ambassadors, Olympian Cathy Freeman and Commonwealth gold medallist John Steffensen;
- the second annual Qantas AFL Kickstart Camp, which assists the development of young Indigenous players from remote areas; and
- swimming clinics conducted by Olympian and Qantas Ambassador Kieren Perkins in a number of regional locations including Coffs Harbour, Broome, Launceston, Mildura and Bundaberg.

Each year, Qantas operates special flights to raise money for charities. The Annual Pathfinders charity flight raised over \$65,000 for the Royal Institute for Deaf and Blind Children, while more than \$100,000 was raised for the Victoria's Royal Children's Hospital Annual Good Friday Appeal.

### Change for Good

Now in its 16th year, the Change for Good partnership with Qantas' global charity partner, UNICEF, has raised more than \$16 million for children in more than 150 developing countries. More than \$2.1 million was collected through passenger donations in 2006.

In 2006/07, UNICEF projects supported by Change for Good included:

- provision of emergency aid to children affected by the earthquake in Java and conflict in Timor-Leste, Lebanon and Ethiopia;
- support for children affected by HIV/AIDS in Zambia and Zimbabwe; and
- provide water, sanitation and education for children in Cambodia.

### Workplace Giving Program

In August 2006, the Qantas Group introduced a Workplace Giving program as a simple and tax-effective way for Qantas employees to make regular donations to any of 47 nominated groups or to their own preferred charity. Groups supported by this initiative include Amnesty International, Australian Red Cross, Australian Youth Orchestra, The Cancer Council, Clean Up Australia, The Garvan Institute, Guide Dogs, Oxfam Australia, Police and Community Youth Clubs, the Salvation Army and the Save the Children Fund.

### Spirit of Youth Awards

The Qantas Spirit of Youth Awards (SOYA) recognise and support Australia's young creative talent. More than 40,000 young Australians submitted entries in 2006 in the areas of industrial design, photography, pictures, music, dance, writing, moving pictures and fashion design. SOYA winners receive \$5,000 cash and \$5,000 in airfares to pursue their dreams as well as mentoring from some of Australia's best known creative talent. The annual awards are run in conjunction with the Australian Government's Noise Festival.

### Jetstar

Since its foundation, Jetstar has steadily increased its contribution to various community, social and sporting organisations.

In 2006/07, these included the launch of *StarKids*, a joint initiative between Jetstar and World Vision Australia, with a commitment to raise \$3 million to support World Vision community-based projects in key Jetstar international destinations such as Indonesia, Thailand and Vietnam, as well as domestic projects in Australia.

## Athletics

The Qantas Athletics Experience program gives children of Frequent Flyers the chance to win an athletics clinic with Cathy Freeman and John Steffensen.





Jetstar supported *A Helping Hand*, a special assistance program that provided 100 return flights for drought-stricken Australian farming families to holiday in New Zealand.

The airline was the inaugural major sponsor of the new National Rugby League team, the Jetstar Gold Coast Titans and is also community support partner of AFL matches held in Tasmania and corporate support partner of the AFL's Geelong Football Club and its football volunteer program.

Jetstar also continued its well established partnership with the Tasmanian Symphony Orchestra to support its school education program.

### Sponsorships

As part of its naming rights sponsorship of the Qantas Socceroos, the airline was involved in the team's return from the 2006 FIFA World Cup and hosted homecoming events in Brisbane and Sydney. Qantas also organised a joy flight in October 2006, where Qantas Socceroos stars spent time with children from Sharing the Spirit charities.

Qantas' flying tribute to the Qantas Wallabies, a specially painted B767-300, took to the air for the first time in May 2007. The green and gold aircraft features the Qantas kangaroo wearing a Wallabies scarf.

Sporting bodies and events supported in 2006/07 included: the Australian Football League; the Australian Olympic Committee; the Australian Rugby Union; Football Federation Australia; the Australian Open Tennis Championships; and the Formula 1 Australian Grand Prix.

On a national level, Qantas supports the following arts organisations: the Australian Ballet; the Australian Chamber Orchestra; the Australian Youth Orchestra; Bangarra Dance Theatre; Bell Shakespeare Company; Opera Australia; the Sydney Dance Company; and Tropfest.

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; and the Sydney Theatre Company.

Qantas also supports many community and charitable organisations, including: Clean Up Australia and Clean Up the World; Landcare Australia; National Australia Day Council; National Breast Cancer Foundation of Australia; and the Prime Minister's Disability Awards.

### Community Assistance

Qantas was involved in a number of unique initiatives supporting community and arts organisations during the year.

- Qantas is establishing a major State-based art scholarship program with proceeds from an auction of selected works from the Qantas art collection held in May 2007.
- In March 2007, in celebration of the 75th Anniversary of Sydney Harbour Bridge, a special joy flight was organised for members of the public and families from Sharing the Spirit charities.
- In May 2007, Qantas flew more than 80 Reconciliation Australia guests to Canberra to attend commemorative events associated with the 40th anniversary of the 1967 referendum. The airline's painted B737-800 aircraft, Yananyi Dreaming, was operated by a predominantly Indigenous crew.
- In May 2007, Qantas became the first major corporate partner to support World Youth Day 2008. The event, which will be held in Sydney in July 2008, is expected to attract over 100,000 overseas visitors and marks the first visit to Australia of His Holiness Pope Benedict XVI.

### Support in Times of Crisis

Qantas' history of assistance in times of emergency goes back decades, with recent efforts including support for relief efforts following the December 2004 Asian tsunami, the Bali bombings of October 2002 and December 2005, the October 2005 Pakistani earthquake, and Cyclone Larry in Far North Queensland in March 2006.

In July 2006, Qantas supported the Department of Foreign Affairs and Trade in its efforts to evacuate Australians caught in Lebanon's war zones and provided seats for people potentially stranded by the business failures of Air Paradise and OzJet.



## Clean Up

Clean Up Australia Day is one of the world's most successful community based environmental programs. Qantas has been a major sponsor for over 10 years.



## Sponsorships

Qantas supports various sporting and arts organisations including the Bangarra Dance Theatre.



## Environment

### Qantas plans to save two million tonnes of carbon dioxide emissions by June 2011.

Qantas acknowledges that air transport is growing faster than any other transport sector and that, as a visible producer of greenhouse gases, aviation has a high profile in the climate change debate.

Qantas seeks to grow its business in a sustainable manner. As a result, the increase in total carbon dioxide emissions is due to business growth, not inefficiency. Savings in emissions can be measured against 2004/05 aircraft consumption rates.

In the year, Qantas achieved savings of more than 280,000 tonnes, of which 130,000 tonnes related to specific initiatives to improve operational fuel efficiency. Further initiatives are being put in place to achieve cumulative savings of two million tonnes by June 2011. By this time, annual emissions will have been reduced by 870,000 tonnes, compared to 2004/05 aircraft consumption rates. This will result from entry into service of new fuel efficient aircraft as well as other fuel conservation activities.

There is no practical alternative to air transport. While aviation contributes between two and three per cent of carbon dioxide emissions globally, it generates eight per cent of world economic activity. It facilitates business, delivers goods to market, delivers tourists to their destinations and reunites families and friends. Aviation is also a fundamental facilitator of tourism in Australia, an industry that supports more than half a million Australian jobs and generates in excess of \$81 billion to the nation's economy.

Qantas is committed to actively manage its operations and growth in a sustainable manner and to reducing its environmental impact, while balancing the concerns and interests of all its stakeholders. Actions to mitigate one environmental impact may have an adverse effect on other areas and it may require more than one attempt to achieve the perfect balance. For example, the most fuel efficient flight path may decrease carbon dioxide emissions but may increase the number of people exposed to aircraft noise. Qantas applies a co-ordinated sustainable development approach as a key element of risk management.

**“ Qantas is committed to actively manage its operations and growth in a sustainable manner and to reducing its environmental impact, while balancing the concerns and interests of all stakeholders. ”**

#### Efficiency and Technology

Over 95 per cent of Qantas Group emissions come from aircraft fuel consumed as part of normal operations. Any initiative to improve fuel efficiency will therefore directly reduce the volume of emissions produced. To date, many initiatives have been implemented to drive improvements in fuel efficiency.

Qantas is a world leader in the development and application of technological innovation and recognises the importance of new technology in driving improvements in fuel efficiency.

As part of its business strategy, the Qantas Group is making a multi-billion dollar investment in new aircraft to take advantage of the latest airframe and engine designs, which provide significant improvements in fuel efficiency and noise. For example, both the B787 and A380 will deliver improved fuel efficiency and reduced emissions in the range of 10 to 25 per cent and have significantly smaller noise footprints.



## 130,000 tonnes

Qantas saved 130,000 tonnes of carbon dioxide this year through its fuel conservation program alone, equating to the removal of 30,000 cars from our roads.



Other initiatives include:

- the establishment of an Environment and Fuel Conservation department in 2005 (Qantas has had a specialist environment group for a number of years);
- the use of Required Navigation Performance procedures that utilise Global Positioning System (GPS) technology to optimise flight approach and departure tracks. This reduces fuel consumption and emissions and improves safety;
- Qantas was instrumental in developing User Preferred Routes across the Pacific. The airline has been able to efficiently plan aircraft operations along flexible routes that adjust each day to make best use of higher-level wind patterns. These enhanced flight paths have reduced flight times and associated fuel consumption; and
- Variable Cost Index Flight Planning ensures that aircraft are operated at optimal speed, based on daily variations in wind, temperature and weight, to maximise efficiency and reduce fuel burn and emissions.

### Carbon Offset Program

The Qantas Group has been working towards greener operations for some years. More can be done and a program to take the Group to the next level of environmental management will be launched later in 2007.

An important component of this launch will be a carbon offset program which has been rigorously assessed and accredited by the Australian Greenhouse Office's *Greenhouse Friendly Program*<sup>TM</sup>. Under the program, Qantas and Jetstar passengers can choose to offset their share of flight emissions with all contributions going towards Australian Government approved carbon abatement programs. Qantas and Jetstar will also use the program to offset the emissions generated by staff work travel and ground transport operations.

To launch the program, the Group will fund a *Fly Carbon Neutral Day* and offset the emissions from all of its international and domestic flights over a 24 hour period.

This program is only one part of Qantas' overall strategy to mitigate its climate change impact which includes further conservation strategies relating to energy, water, and waste minimisation in all areas of the operation – inflight and on the ground.

### Air Traffic Management

Improvements in air traffic management have the potential to deliver large operational benefits to air transport. Qantas is working closely with air service providers and air traffic control authorities, in Australia and around the world, to establish new navigational routes, approach paths and airborne holding procedures that will reduce flight times. These improvements promise to significantly improve fuel efficiency and reduce related emissions.

### New Fuel Types

It is essential that technology is developed to provide alternative fuels that are both commercially viable for air transport and environmentally sustainable. While an alternative to jet fuel is still considered to be over a decade away, Qantas continues to encourage airframe and engine manufacturers to produce more efficient and environmentally friendly aircraft over the long term and to lobby the fuel supply industry and governments to provide the necessary support for research and development.

Significant issues exist for aviation with both synthetic and bio fuels. Manufacturing processes for current synthetic fuels emit large quantities of carbon dioxide and the fuel itself has less than optimal lubricating properties when compared to standard jet fuel. This can adversely impact fuel lines and seals. Bio fuels have poor thermal stability (they can freeze at around zero degrees centigrade) and lower energy output. They also require large amounts of arable land and water for their production and have the potential to impact on the price of standard food crops, which have to compete for that land.

Such alternative fuels promise to deliver the greatest environmental benefits to the aviation industry, however, significant technology breakthroughs are required.

### Airline Industry Emissions Target

IATA has set an aspirational target of zero emissions by 2050. This target will be achieved by working with the industry to improve airspace efficiency and employing new technology, which incorporates onboard, engine and airframe advancement. Collaboration among airlines, manufacturers and government to focus efforts on development of sustainable alternative fuels will be essential to achieve this target.



## 70 per cent emissions reduction

Through new aircraft technology emissions per passenger kilometre have decreased by 70 per cent over the past 40 years, with a 20 per cent increase in fuel efficiency in the last decade alone.



## Fleet

The technological advancement associated with the design of new aircraft like the A380 and B787 has helped airlines like Qantas deliver world class products.

### Fleet Strategy

Qantas has always selected its aircraft from the most technologically advanced models available, taking into consideration key factors such as safety, passenger comfort, cost, and fuel consumption and matching them to customer requirements and network demands. Environmental performance, including fuel and noise emissions, has also become a key consideration in the Group's fleet strategy.

Qantas spends around \$2 billion each year on new aircraft and currently has on order aircraft worth around \$25 billion (at list prices). More than 100 new aircraft are scheduled for delivery from late 2007.

The next generation A380 and B787 being delivered from 2007/08 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 both Qantas and Jetstar.

They will provide step change improvements in terms of fuel efficiency compared to currently available aircraft of similar size.

### Fleet Milestones

A number of strategic fleet acquisition decisions were made during the year.

In October 2006, Qantas announced it intended to acquire eight additional A380s, six additional A330-200s for delivery from December 2007 and five additional B737-800s for delivery from February 2008.

In January 2007, QantasLink announced the purchase of two additional Bombardier Q400 aircraft to be delivered in January 2008, boosting the Group's Q400 fleet from seven to nine. On sectors such as Sydney to Canberra, the Q400 delivers 30 per cent fuel efficiency gains and emission reductions per passenger compared to regional jet aircraft of similar size.

In March 2007, Qantas announced it would acquire nine additional A320 aircraft for delivery over a 15-month period from late 2007, enabling Jetstar to grow on popular leisure routes such as Cairns, the Gold Coast, Perth and the Northern Territory and look at new destinations within Australia.

In a further boost to Group domestic capacity, four Qantas B767-300 international aircraft are being transferred to domestic operations.

QantasLink also announced in March 2007 the expansion of its B717-200 fleet from eight to 11 aircraft for operation on regional routes in Western Australia, the Northern Territory and North Queensland from August 2007.

In July 2007, Qantas announced that it would increase its B787 commitment by 20 to 65 firm orders for delivery from July 2008.

### A380

Qantas will take delivery of its 20 A380 aircraft between August 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 showcase the future of Qantas' long-haul flying, with new First, Business, Premium Economy and Economy cabins. Marc Newson has been involved in every detail of the Qantas A380's cabin design with the focus on personal space and contemporary style.

The A380 will offer:

- advanced materials and aerodynamics;
- the most spacious cabins;
- a 10–12 per cent reduction in fuel consumption per passenger compared to the B747; and
- a substantially decreased noise footprint.

Following the A380's highly successful visit to Australia in November 2005 as part of Qantas' 75th anniversary celebrations, the airline worked closely with Airbus to bring the A380 to Sydney again in June 2007, where it operated the first passenger flight of the aircraft in Australia. This followed the A380's maiden visit to the United States in March 2007.

## Renewing the fleet

The Qantas Group has more than 100 new aircraft currently on order, with a value of more than \$25 billion.



### World class

Qantas Engineering's world class facilities include the Rolls Royce Centre of Excellence, which provides Qantas with a specialised facility for the maintenance of its Rolls Royce engines.

## B787

The choice of the B787 followed a detailed examination of every aspect of the aircraft's design. The Group's B787 commitment extends to up to 115 aircraft, including 65 firm orders, 20 options and purchase rights for a further 30. The mix of B787-8s and B787-9s will cater for international capacity growth, new routes and replacement over time of the Group's existing B767-300 fleet.

The first 15 B787-8s will be operated by Jetstar on international routes from the second half of 2008, with Qantas scheduled to begin operating the aircraft in March 2011. The first B787-9 will be delivered in 2011.

The B787 will offer:

- a leading-edge airframe design that includes significant amounts of lightweight composite carbon fibre and plastic materials;
- a 25 per cent reduction in fuel consumption per passenger compared to the B767;
- greater range capability, enabling Jetstar and Qantas to fly more point-to-point services without the need to operate over hubs; and
- improved freight capacity.

The fleet will be powered by General Electric GENx engines which will deliver significant operational and environmental benefits including 25 per cent fuel efficiency and emission gains, 40 per cent reduction in nitrous oxides and a 50 per cent smaller noise footprint than current technology engines.

## Fleet Renewal

At 30 June 2007, the Qantas Group operated a fleet of 213 passenger aircraft and three freighter aircraft.

The following aircraft were brought into service during 2006/07:

- three Bombardier Q400s; and
- three B737-300SF freighter aircraft (converted from former Qantas B737-300 passenger aircraft).

Between 30 June 2007 and 30 September 2007, an additional two A330-200 aircraft will also enter into service.

The following aircraft were retired during 2006/07:

- one B747-300;
- two British Aerospace 146-300s; and
- three B737-300 passenger aircraft (converted to B737-300SF freighter aircraft).

## Operational Passenger Aircraft Fleet (as at 30 June 2007)

### Qantas Group

Aircraft Type	Owned, HP & Finance	Other Operating Leases	Total in Service
Boeing 747-400ER	6	–	6
Boeing 747-400	20	4	24
Boeing 747-300 <sup>1</sup>	4	–	4
Boeing 767-300ER	19	10	29
Boeing 737-800	24	9	33
Boeing 737-400	21	–	21
Boeing 737-300 <sup>2</sup>	6	–	6
Airbus A330-200 <sup>3</sup>	4	–	4
Airbus A330-300	10	–	10
Airbus A320 <sup>3</sup>	–	24	24
Boeing 717-200 <sup>4</sup>	–	14	14
Bombardier Dash 8 100/200/300 (including Q series)	31	–	31
Bombardier Q400	7	–	7
<b>Total</b>	<b>152</b>	<b>61</b>	<b>213</b>

<sup>1</sup> excludes one aircraft that is not in operational service.

<sup>2</sup> includes one aircraft that is in the process of being converted to a freighter.

<sup>3</sup> operated by Jetstar, including wet leased A320 aircraft from Jetstar Asia.

<sup>4</sup> includes three aircraft that are not in operational service.

## A380

The A380 will provide new levels of innovation, comfort and space, as well as meeting Qantas payload and range requirements and delivering significant improvements in environmental performance.





## Safety

**Air transport is recognised as the safest mode of transport and Qantas' reputation is built on its flight safety record. Safety is integral to Qantas' DNA and is a core value across the business.**

The Qantas Group has a strong history of investment in flight safety technology. Qantas utilises GPS technology to provide pilots with enhanced three dimensional guidance when operating into a range of airports.

Data from inflight operations and ground activities is rigorously analysed and procedures or training are modified to address potential safety hazards. In addition, Qantas training programs apply the latest techniques for managing human error in areas such as engineering, flight operations and cabin crew.

Qantas' safety systems were recently reviewed by the International Air Transport Association (IATA), with the airline achieving the organisation's Operational Safety Audit certification.

Qantas Group businesses operate a formal Integrated Safety Management System (ISMS), which integrates all aspects of operational safety, occupational health and safety (OHS) and the environment, ensuring at a minimum, compliance with all legislation.

A key component of any safety management program is the willingness of staff to report all incidents that could affect operational safety, no matter how minor. The ability to do this without fear of retribution is a major factor in Qantas' strong safety culture. Our people understand how preventing 'minor' and 'low risk' incidents is the key to preventing more serious events.

## Inflight Health

Qantas places a very high priority on customer and employee health, safety and wellbeing, both pre-flight and inflight. To ensure the highest level of inflight medical care possible:

- Qantas aircraft have satellite links to specialist physicians in case of an inflight medical emergency. As a foundation customer, Qantas contributed to setting a global standard for this service;
- the airline was one of the first international carriers to install defibrillators on its aircraft, allowing fast assistance for passengers who have had a cardiac arrest. Defibrillators are also available on Jetstar's A330 international fleet; and
- aircraft air filtration systems provide air quality to the standard of a hospital operating theatre.

Qantas is ready to respond to government directives with respect to the outbreak of infectious diseases and maintains the most up to date knowledge and practice based on advice from the World Health Organization, Centre of Disease Control and the Australian Government on pandemic influenza.

## Occupational Health and Safety

Qantas has progressively developed and implemented a comprehensive suite of OHS programs, with the aim of bringing safety on the ground to the same high standard as in the air. The OHS programs within the ISMS are called **be safe!** and they have driven a Group-wide performance and cultural transformation. A systems approach, coupled with behavioural safety, the management of alcohol and other drugs and fatigue, and general health and wellbeing improvements, have been instrumental to the success of the program. **be safe!** also governs the design and management of facilities and equipment and extends to contractors and other suppliers. The program has prevented thousands of injuries and related suffering as well as contributed to increased productivity and a reduction in operating costs.

## Flight safety monitoring

Qantas aircraft are fitted with recorders that continuously monitor aircraft operation. Data from each flight is rigorously analysed to proactively identify potential safety hazards.





The key measure of **be safe!**, and its goal of 'no injuries to anyone at any time' is the Lost Time Injury Frequency Rate (LTIFR). The Qantas Group has reduced this rate by 80 per cent over the last five years through:

- management leadership;
- implementation of strategic and operational OHS business plans through a hierarchy of safety committees;
- regular performance reporting triggering revision of actions;
- recommitting individuals to safe work practices by dedicating one week annually (Safety Week) to overt and public safety activities, talks and presentations, news articles, e-mails and posters;
- recognition of individual employees who demonstrate exceptional safety performance; and
- including an LTIFR reduction target in senior management performance remuneration.

A further 20 per cent reduction in LTIFR is targeted in 2007/08.

Qantas is leading the aviation industry in Australia with its comprehensive Alcohol and Other Drugs Program and its focus on education, treatment and counselling. Testing is undertaken following an incident, pre-employment for safety sensitive positions or on reasonable suspicion of a breach. The Program will be extended to adopt a random testing regime once government regulations are in place to support it. The Qantas Alcohol and Other Drugs Program has played a role in reducing workplace accidents and improving productivity. Positive behavioural change has been demonstrated by a steady improvement in post-incident test outcomes since the introduction of the Program.

Qantas looks forward to the Australian Government's introduction of mandatory/random testing for all safety sensitive roles in the aviation industry.

## Security

**Qantas has been at the forefront of aviation security for many years and continues to invest in equipment, training and technology to provide the most appropriate security for passengers, staff, aircraft and facilities.**

Aviation security is a very dynamic area, and Qantas is continually upgrading and modifying procedures to meet changing circumstances as they arise. In doing so, Qantas provides protection to our passengers, staff, aircraft and facilities in a sustainable manner.

Governments and their respective security services take primary responsibility for threat assessment and national security. Qantas is responsible for the security of its operations and maintains a proactive and constructive dialogue with these bodies, enabling prompt response to changes in threat levels. In the spirit of co-operation, Qantas also makes available its experience and expertise to the process of setting sustainable global and national aviation security policy.

The Group's security measures include:

- passenger and baggage screening facilities including the use of x-ray and explosive trace detection equipment and additional security services for the monitoring of liquids, aerosols and gels carried on board an aircraft;
- reinforced doors at the flight deck entrance; and
- closed circuit television facilities at airports and other Qantas facilities.

To complete this program, Group employees are subject to regular security checks, as are contractors and other third party suppliers who work within secure areas.

In addition, Qantas works closely with aircraft manufacturers to design and build aircraft with security in mind. This will assist manufacturers incorporate the latest in security technology at manufacture, thus enhancing the suite of security measures available to Qantas.

## Employee injuries reduced by 80 per cent

**Qantas has reduced its Lost Time Injury Frequency Rate by 80 per cent over the last five years.**



## Investment in security

**The Qantas Group has been at the forefront of aviation security for many years and has continued to develop effective capabilities to identify, assess and manage security risks.**





# Sustainability Information

## Guidelines

The Global Reporting Initiative's G3 guidelines and recommendations were taken into account in drafting the sustainability information provided.

The data 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.

The sustainability information applies to the Qantas Group unless otherwise indicated. Whilst specific sustainability forums were not held, Qantas continually undertakes extensive research on customer attitudes, has mature stakeholder feedback processes in place, and uses a risk management system to capture feedback from various internal and external sources.

Qantas' sustainability reporting will continue to develop over time, and in future will incorporate improvements in issue identification, strategies, and/or data completeness.

## Environmental Impacts

Qantas acknowledges the importance of managing and minimising adverse environmental impacts caused by its operations. The information below provides additional data on the impact our operations have on the environment.

Energy consumption	Units	2007	2006	2005
Aviation fuel	000 L	<b>4,680,270</b>	4,561,238	4,392,991
Electricity (Australia)	MWh	<b>241,324</b>	236,858	231,095
Gas (Australia)	Gj	<b>305,803</b>	289,463	292,959
Ground petrol and diesel (Australia)	000 L	<b>7,086</b>	6,998	7,023

## Emissions

CO <sub>2</sub>				
– Aviation	Tonnes	<b>11,499,423</b>	11,206,962	10,793,578
– Ground (Australia)	Tonnes	<b>20,135</b>	19,730	20,109
NO <sub>x</sub> <sup>1</sup>				
– Aviation (Qantas)	Tonnes	<b>3,387</b>	3,273	3,294

## Aviation efficiency

CO <sub>2</sub> per 100 RTKs (Qantas)	Kgs	<b>94.4</b>	97.1	99.1
Fuel per 100 RTKs (Qantas)	L	<b>38.4</b>	39.5	40.3
NO <sub>x</sub> per 100 million RTKs (Qantas)	Tonnes	<b>31.6</b>	32.4	34.4

## Unplanned events

Fuel jettison	No. of times	<b>11</b>	13	n/a
Fuel spills <sup>2</sup>	No. of times	<b>67</b>	65	53

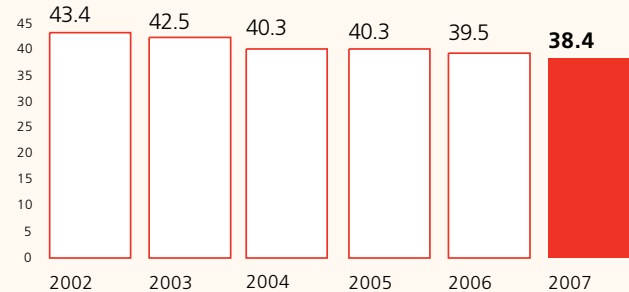
<sup>1</sup> Calculated for Qantas jet aircraft emissions below 3,000 feet using standard engine certification emission factors.

<sup>2</sup> At least 65 per cent of fuel spills were categorised as minor (less than 100 litres).

- All Qantas Group airlines also comply with the relevant International Civil Aviation Organization noise standards.
- Qantas has engaged specialist advisers to audit water usage at key sites and to recommend strategies to better manage and reduce consumption. Qantas maintains a clean aircraft fleet to improve fuel efficiency and reduce emissions. The water used to clean the aircraft is recycled. In addition, Qantas is working with waste management service providers to analyse waste disposal volumes and recycling rates.

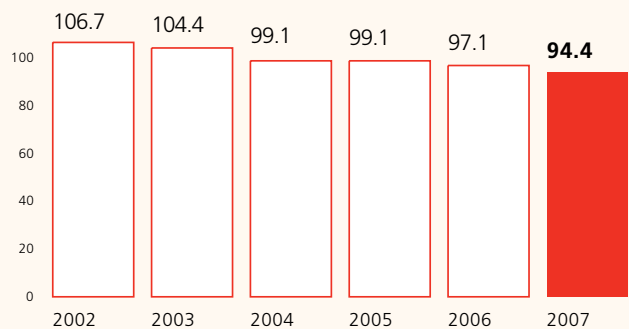
The following graph shows continuous improvement in Qantas Airline's fuel efficiency over the last three years:

**Qantas Airline's Aviation Fuel Efficiency (Litres per 100 RTKs)**



The following graph shows continuous improvement in Qantas Airline's CO<sub>2</sub> efficiency over the last three years:

**Qantas Airline's Aviation CO<sub>2</sub> Efficiency (Kgs per 100 RTKs)**



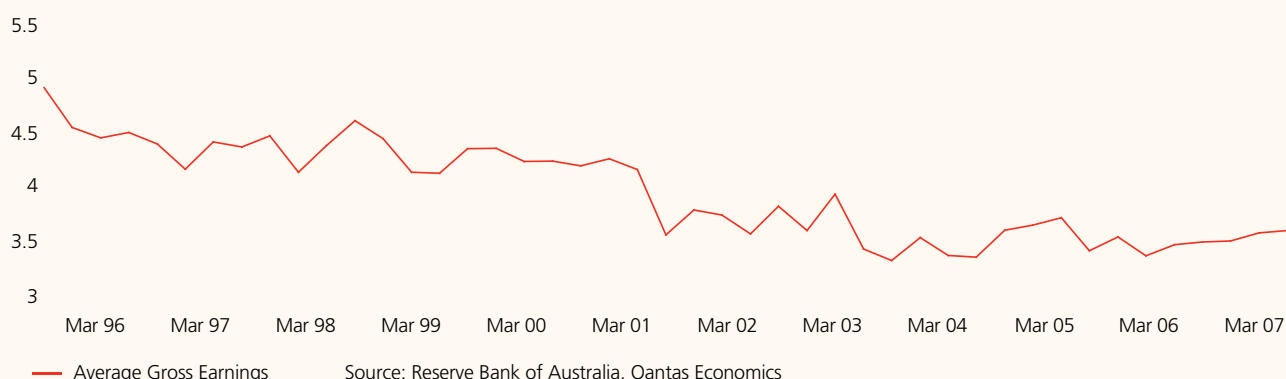
## Economic Contribution

The Qantas Group makes a significant economic and social contribution to the Australian community by transporting both people and freight. Australia is to most of the world, a long-haul destination, for which air is the most utilised form of transport. Australia is reliant on air transport to support business, time sensitive freight and importantly, the tourism industry. Qantas is the most significant non-government contributor to Australian tourism. Tourism creates jobs for half a million Australians and is worth \$81 billion to the country. Qantas' primary focus is on Australian tourism rather than making Australia an ancillary stop on the way to building passenger volumes through another destination.

A country with the size and geographic dispersion of Australia is reliant on air transport to efficiently connect its citizens to each other and to the world. In addition, Qantas provides the infrastructure to bring tourists and business to Australia and to distribute them around the country. As at 30 June 2007, Qantas Group airlines operate more than 700 international services each week and fly to 85 international destinations (including those operated by codeshare partners) in 38 countries, including Australia. Domestically, the Qantas Group operates more than 5,000 flights each week to 55 city and regional destinations in all Australian states and mainland territories. Qantas also operates more than 200 domestic flights each week within New Zealand.



### Weeks of Average Gross Earnings Required to Pay for Return Sydney – Bangkok – London Airfare (including fuel surcharge)



In addition to providing an extensive air transport network, Qantas has contributed to making air travel more affordable to more people. As illustrated in the graph above, the number of weeks it takes for an average wage earner to buy a return ticket from Sydney to London has decreased from 5 weeks to 3.6 weeks over the last 12 years.

Making air travel more affordable was greatly extended with the introduction of Jetstar from May 2004, which saw lead-in domestic fares on the markets Jetstar served fall by up to 30 per cent. This greatly stimulated passenger traffic to regional and major leisure destinations. It also made air transport affordable to travellers who may have otherwise taken alternative forms of transport. Between 5 and 10 per cent of Jetstar's customer base are first time travellers.

### People

The Qantas Group is one of the largest employers in Australia with over 35,000 staff, 91 per cent of whom are Australian residents. In excess of \$3 billion per year is spent on wages, salaries and related employee costs.

Qantas turnover and attrition rates are below community averages, and this reflects its commitment to provide meaningful jobs that are competitively paid, coupled with superior benefits. The Qantas Group also offers flexible work conditions including part-time work and job sharing wherever possible.

Qantas is committed to assisting employees balance their work against their personal commitments, and provides a range of initiatives including:

- 10 weeks' paid maternity leave (including adoption);
- one week's paid paternity leave (including adoption);
- 10 days' carer leave per annum;
- employer-sponsored childcare centres in Sydney and Melbourne with a further centre planned for Brisbane;
- the Employee Assistance program, a self-referral counselling program;
- a Health and Wellbeing program that includes quit-smoking programs, onsite Weight Watchers and access to scheduled exercise and health classes; and
- a Keep in Touch program for employees on parental leave.

Maintaining a group of highly skilled and motivated staff is key to corporate sustainability. The Qantas Group invests in excess of \$280 million annually on the training of staff. Qantas is one of the largest private sector employers of apprentices in Australia. Qantas College, which is a Registered Training Organisation, provides targeted, quality training to the Qantas Group and assists in the development of skills in the broader travel industry.

The Qantas Group has a comprehensive talent pipeline program with over 630 participants, focusing on new graduate talent, emerging leaders and talented senior management. The preference is to promote from within wherever possible.

Qantas' graduate recruitment program attracts about 4,000 applicants each year. All graduates (38 in 2008) take part in a two year development program based on rotations through key business areas. In 2006, Qantas was proud to be a finalist in the Australian Graduate Employer of Choice Awards.

Qantas has implemented an innovative accelerated development program for the Group's Emerging Leaders in conjunction with the Accelerated Learning Laboratory at the Australian Graduate School of Management.

A diverse workforce is a key focus for the Qantas Group. It helps meet a business need by reflecting internally the wide range of customers served across the world. In 2005, a Diversity Council was established to sponsor this, with a particular agenda of increasing the representation of women in management at Qantas and supporting those in executive roles. In addition, Qantas aims to encourage young women in the community to enter non-traditional occupations with the "Aiming High" workshop developed in conjunction with the New South Wales Premiers Department.

Qantas has been active in Indigenous employment programs since 1988. It aims to use the Group's influence to support and celebrate the diversity of Indigenous culture and to make a practical contribution to the reconciliation process in Australia. This year, Qantas' own Indigenous Employment strategy has expanded to include a formal partnership with Reconciliation Australia, and to double the number of Indigenous staff employed at Qantas by December 2008.

The Qantas Group recognition program, eXcel, recognises employee excellence throughout the year and at an annual awards event in the areas of service, safety and innovation. Frequent Flyers also recognise the contributions of Qantas employees through the eXcel Frequent Flyers Peoples Choice Award. In 2006, the eXcel program was recognised in the Australian Human Resources Institution Awards for Excellence as a New South Wales finalist in the People Management category.



# Sustainability Information

The information below provides additional data concerning Qantas Group employees.

## Number of Full-time Equivalent Employees as at 30 June

	2007	2006	2005
<b>Flying Business</b>	<b>16,738</b>	16,350	16,699
– Qantas	<b>14,780</b>	14,945	15,533
– Jetstar	<b>1,958</b>	1,405	1,166
<b>Portfolio Businesses</b>	<b>14,019</b>	15,178	16,150
– Airports and Catering	<b>7,800</b>	8,645	8,983
– Qantas Engineering	<b>5,403</b>	5,764	6,424
– Freight	<b>816</b>	769	743
<b>Corporate Support</b>	<b>2,074</b>	2,250	2,254
<b>Total</b>	<b>32,831</b>	33,778	35,103
Women	<b>12,760</b>	12,936	13,190
% Women	<b>39%</b>	38%	38%
Indigenous	<b>141</b>	136	132

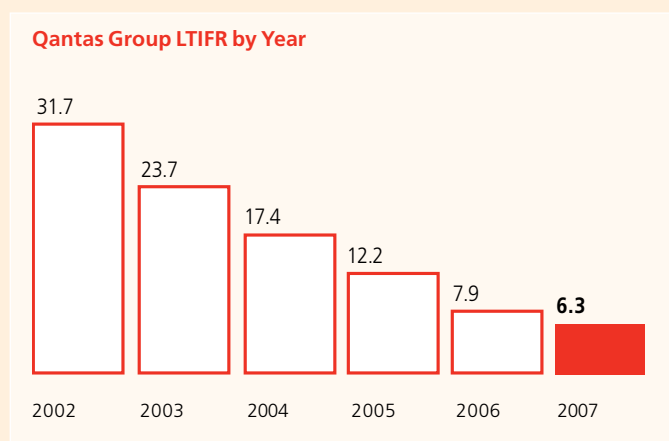
## Turnover of Full-time Equivalent Employees

	2007 %	2006 %	2005 %
<b>Flying Business</b>	<b>11.7</b>	7.0	6.8
– Qantas	<b>11.9</b>	6.7	6.3
– Jetstar	<b>10.6</b>	10.7	13.3
<b>Portfolio Businesses</b>	<b>10.1</b>	11.6	4.7
– Airports and Catering	<b>11.1</b>	9.4	5.8
– Qantas Engineering	<b>9.2</b>	16.1	2.9
– Freight	<b>5.8</b>	5.7	5.5
<b>Corporate Support</b>	<b>16.6</b>	10.9	8.6
<b>Total</b>	<b>11.3</b>	9.3	6.0

## Safety and Health

Qantas places a very high priority on Safety and Health. All Qantas Group airlines carry physician kits, have first aid trained cabin crew and offer a 24 hours seven days per week inflight medical advisory service. Qantas International, Qantas Domestic and Jetstar International A330 aircraft also carry defibrillators.

As discussed on page 38 and 39, Qantas has significantly improved its safety performance on the ground. The graph below shows an 80 per cent improvement in Lost Time Injury Frequency Rate (LTIFR) over the last five years:



## Human Rights and Society's Expectations

Qantas Policies require all employees to act ethically and comply with laws. The Qantas Code of Conduct and Ethics is the primary policy governing business actions and is publicly available on the Internet. Qantas takes policy compliance seriously and requires all senior managers to semi-annually 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 lodgment of a Donor Return. Qantas representatives take up opportunities for business networking and contact with Ministers and Members of Parliament to make known its position on Public Policy: however, to ensure transparency, this is disclosed in the Return. 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 page 104 in this Annual report, for details on existing investigations;
- 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.



# Independent Review Report

to Qantas on Sustainability Information



## Introduction

We have been engaged by Qantas to review selected sustainability performance data (the Performance Data) for the year ended 30 June 2007 unless otherwise stated, as reported in the section titled "Sustainability Information" on pages 136 to 138 of the Qantas Annual Report 2007 (the Annual Report).

## Scope

### **Sustainability reporting in the Annual Report and management responsibilities**

The management of Qantas is responsible for the preparation of the sustainability information in the Annual 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 136 to 138 of the Annual Report for the year ended 30 June 2007, for Qantas Group's operations in Australia.

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 141 of the Annual Report. The selection and suitability of the Criteria are 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.

### **The Performance Data**

We have reviewed the following Performance Data reported in the section titled "Sustainability Information" on pages 136 to 138 of the Annual Report for the year ended 30 June 2007 and year ended 30 June 2006 where stated:

- Aviation Fuel 2006 and 2007 (on page 136);
- Electricity 2007 (Australia) (on page 136);
- Gas 2007 (Australia) (on page 136);
- Ground Petrol and Ground Diesel 2007 (Australia) (on page 136);
- Qantas Fuel per 100 Revenue Tonne Kilometres (RTK) 2007 (on page 136);
- Qantas CO<sub>2</sub> emissions per 100 Revenue Tonne Kilometres (RTK) 2007 (on page 136);
- Qantas NO<sub>x</sub> emissions 100 per million Revenue Tonne Kilometre (RTK) 2007 (on page 136);
- CO<sub>2</sub> emissions for Aviation 2006 and 2007 (on page 136);
- CO<sub>2</sub> emissions for Ground fuel 2007 (on page 136);
- NO<sub>x</sub> emissions for Aviation 2007 (Qantas) (on page 136);



# Independent Review Report

to Qantas on Sustainability Information (continued)



- Fuel Jettison and Fuel Spills 2007 (on page 136);
- Weeks of Average Earnings Required to Pay for Return Sydney – Bangkok – London airfare 2006 and 2007 (on page 137);
- Lost Time Injury Frequency Rate 2007 (on page 138);
- Number of Full-time Equivalent Employees 2007 for Flying Businesses (Qantas, Jetstar), Portfolio Businesses (Airports and Catering, Qantas Engineering, Freight), Corporate Support (on page 138);
- Number and Percentage of Full-time Equivalent female employees 2007 (on page 138); and
- Turnover of Full-time Equivalent Employees 2007 for Flying Businesses (Qantas, Jetstar), Portfolio Businesses (Airports and Catering, Qantas Engineering, Freight) and Corporate Support (on page 138).

## 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 136 to 138 of the Annual Report for the year ended 30 June 2007 has not been presented fairly in accordance with the Criteria established by management.

A stylized signature of the KPMG firm, written in black ink.

**KPMG**

Sydney, 27 August 2007

A handwritten signature of Martin Sheppard, written in black ink.

**Martin Sheppard**  
Partner



# Financial Calendar

## 2007

<b>8 February</b>	Half year result announcement
<b>19 February</b>	Record date for special dividend
<b>19 March</b>	Special dividend payable
<b>30 June</b>	Year end
<b>16 August</b>	Preliminary final result announcement
<b>31 August</b>	Record date for final dividend
<b>26 September</b>	Final dividend payable
<b>14 November</b>	Annual General Meeting, Melbourne

## Glossary

### Australian Equivalents to International Reporting Standards (A-IFRS)

#### Australian Securities and Investments Commission (ASIC)

#### Australian Securities Exchange (ASX)

#### Annual General Meeting (AGM)

#### Available Seat Kilometres (ASKs)

Total number of seats available for passengers, multiplied by the number of kilometres flown.

#### Available Tonne Kilometres (ATKs)

Total number of tonnes of capacity available for carriage of passengers, freight and mail, multiplied by the number of kilometres flown.

#### Carbon Dioxide (CO<sub>2</sub>)

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 the Report have been calculated for ground and aviation fuel.

#### Fuel Jettison

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

#### Fuel Spills

The accidental spillage of aviation fuel material at airport sites.

#### Goods and Services Tax (GST)

#### International Air Transport Association (IATA)

#### 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 (NO<sub>x</sub>)

The generic term for a group of highly reactive gases, all of which contain nitrogen and oxygen in varying amounts. NO<sub>x</sub> is formed when fuel is burned at high temperatures, as occurs in the combustion process.

#### Passenger Yield

Passenger revenue, excluding passenger recoveries, divided by RPKs.

#### Revenue Freight Tonne Kilometres (RFTKs)

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

## 2008

<b>21 February</b>	Half year result announcement
<b>5 March</b>	Record date for interim dividend
<b>2 April</b>	Interim dividend payable
<b>30 June</b>	Year end
<b>21 August</b>	Preliminary final result announcement
<b>3 September</b>	Record date for final dividend
<b>1 October</b>	Final dividend payable
<b>16 October</b>	Annual General Meeting

### Revenue Passenger Kilometres (RPKs)

Total number of paying passengers carried, multiplied by the number of kilometres flown.

### Revenue Seat Factor

Percentage of total passenger capacity actually utilised by paying passengers.

### Revenue Tonne Kilometres (RTKs)

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

### Sustainable Future Program (SFP)

### Turnover of Full-Time Equivalent Employees

Total number of employee terminations expressed as a percentage of total FTEs.

### Notice of Meeting

The 2007 AGM of Qantas Airways Limited will be held at 2pm on Wednesday, 14 November 2007 in Melbourne.

The 2008 AGM of Qantas Airways Limited will be held on 16 October 2008. The details will be available on the Qantas website at [www.qantas.com.au/info/about/investors/agms](http://www.qantas.com.au/info/about/investors/agms)

### Registered Office

**Qantas Airways Limited** ABN 16 009 661 901

### Qantas Centre

Level 9, Building A, 203 Coward Street, Mascot NSW 2020, Australia

**Telephone** (612) 9691 3636 **Facsimile** (612) 9691 3339

[www.qantas.com](http://www.qantas.com)

### Qantas Share Registry

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

or

Locked Bag A14, Sydney South NSW 1235, Australia

**Freecall** 1800 177 747 **International** (612) 8280 7390

**Facsimile** (612) 9287 0303 **Email** [registry@qantas.com](mailto:registry@qantas.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, 101 Barclay Street –22W, New York NY 10286, USA

**Telephone** 1 (212) 815 2276 **Facsimile** 1 (212) 571 3050

### Company Secretary Cassandra Hamlin