

energy efficiency opportunities

Public Report 2013





PUBLIC REPORT

Part 1 - Corporation details

Period to which the report relates

Start Period **1 July 2011**

End Period **30 June 2013**

Controlling corporation

TNT Australia Pty Limited

Major changes to corporate group structure or operations

TNTA is a subsidiary of a global express freight transport company, TNT Express NV (a Netherlands based company). The company transports goods and documents to over 200 countries worldwide, with a focus on time-definite and day-definite pick up and delivery. TNTA picks up, transports, sorts, handles, stores and delivers documents, parcels and freight by combining its physical infrastructure, such as depots and trucks, with industry leading electronic and commercial systems to best serve its customers.

There has been no change to the corporate structure or the nature of operations of the company. However, there were developments during the year which have an impact on energy efficiency opportunities and future strategies:

- The continuing sluggish global economic activity and the lack lustre financial performance in the industry have resulted in capital expenditure restrictions in the TNT Group, which impacted the implementation of certain capital projects and consideration of capital expenditure proposals in Australia.
- The proposed acquisition of the TNT group by UPS in early 2013 did not eventuate. Hence, global as well as local strategic plans have to be repositioned to meet the challenges. As this development brought some certainty in the group structure, the assessment of energy efficiency opportunities for the second cycle, which was previously prepared on a tentative basis, has been revisited and revised with the assistance of an external environmental consultant.



Part 2 - Assessment outcomes

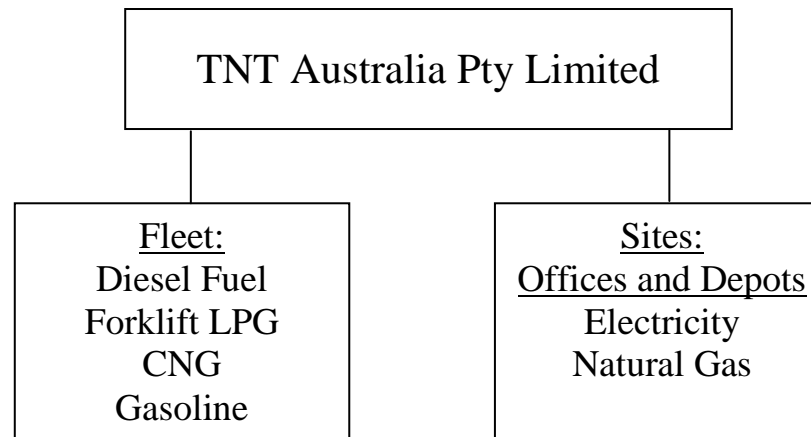
Table 2.1 – Assessment details

Name of entity	TNT Australia Pty Limited	
A. Total corporate energy use in the last financial year	542,543	GJ
B. Total energy use covered by assessments	0	GJ
C. Total percentage of energy use assessed (B ÷ A) x 100	0	%

Description of the way in which the entity carried out its assessment:

As mentioned above, the assessment of energy efficiency opportunities was revisited with the assistance of an external consultant. The engagement of a consultant was intended to facilitate the preparation of a representative assessment plan and the revision of the second cycle assessment plan that complies with the EEO Department's specifications. TNTA had requested and has been granted an extension to complete the initial assessments by June 2014.

As a result of a collaborative effort between TNTA and the consultant, it has been identified that assessing energy opportunities by activity rather than by state basis would be more effective given the operational structure of TNTA. Below is a revised assessment structure:



The two main areas where efficiencies are likely to be identified are within the vehicle fleet and depot buildings.

Vehicle fuel accounts for approximately 88% of TNTA's energy consumption. There is a major focus on how efficiencies can be achieved with fuel use by analysing some of the main factors such as:

- Fleet age
- Driver skill and behaviour
- Cost/benefit comparison of vehicles such as Hybrid vehicles
- Global analysis of new fuel and vehicle types that are trialled globally
- Volume and distribution analysis to determine the number of fleet vehicles required
- Depot location

Depot buildings, in particular the large metropolitan depots that have an electronic sortation system, essentially contribute the balance of TNTA's energy consumption being 12% through electricity and gas usage. Analysis is undertaken to determine when is the most efficient time to repair conveyors, and if it is more efficient to replace a conveyor.

One of the main efficiency considerations with regards to a depot is location. The location of a depot has a large influence on fuel use and efficiency. For example, a depot close to a major airport minimises travel to and from the depot to collect freight. In the large sprawling metropolitan cities where there are multiple depots, such as Sydney and Melbourne, a large amount of analysis is undertaken to ensure that the depot locations provide the most efficient means of delivery.

Table 2.2 – TNT Australia Energy use over the past six EEO reporting periods

Energy Source	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13
Diesel (kL)	9,215	9,484	10,931	11,335	11,267	10,792
Petrol (kL)	221	183	184	95	78	52
LPG (kL)	2,004	1,987	2,042	2,237	2,136	2,321
CNG (kg)	-	-	880	18,251	17,330	17,873
Natural gas pipeline (GJ)	-	-	323	338	1,191	1,503
Electricity (kWh)	18,911,937	17,582,540	18,853,745	17,164,165	17,337,971	17,238,006

The fluctuation of energy usage over the years is attributable to a number of factors:

- Energy efficiency initiatives such as gradual replacement of petrol powered vehicles and introduction of alternative fleet technologies;
- Rationalisation of depots resulting in network optimisation and freight consolidation;
- Continuing roll out of GPS navigational systems; and
- Driver training to improve behavioural and driving skills



Part 3 - Transition to second cycle

The table below lists the opportunities carried forward from the previous cycle as TNTA has requested and been granted an extension to complete the initial assessments by June 2014.

Name of entity		TNT Australia Pty Limited							Total estimated energy savings per annum (GJ)
		Total number of opportunities	Estimated energy savings per annum by payback period (GJ)						
Status of opportunities identified to an accuracy of <u>better than</u> or equal to $\pm 30\%$	0–2 years		2–4 years		> 4 years				
	No of Opps	GJ	No of Opps	GJ	No of Opps	GJ			
As reported in December 2012	Under investigation	19					19	3,142	3,142
Business response as at 30 June 2013	Implemented								
	Not to be Implemented	9					9	2,934	2,934
	To be evaluated/reported in the second cycle	10					10	208	208



Declaration

Declaration of accuracy and compliance

The information included in this report has been reviewed and noted by the board of directors and is to the best of my knowledge, correct and in accordance with the *Energy Efficiency Opportunities Act 2006* and *Energy Efficiency Opportunities Regulations 2006*. All opportunities have been assessed to a level of accuracy that is commensurate with the financial investment required for implementation.

David Hughson
Director and Chief Financial Officer

6 December 2013