PUBLIC REPORT TEMPLATE

Controlling Corporation

Australia and New Zealand Banking Group Ltd

Period to which this report relates

Start 1st July 2008 **End** 30th June 2009

Part 1 – Information on assessments completed to date

Table 1.1 – Description of the way in which the Corporate Group (or part of it) has carried out its assessments

ANZ has continued to undertake assessments over the latest reporting period in accordance with the assessment and reporting schedule dated December 2007. Assessments for four critical sites, two commercial sites and four retail sites were completed as part of this report. These energy assessments have been conducted in addition to the three assessments completed previously in our 2008 report. ANZ has commenced the assessment of an additional 15 retail branch sites, where smart meters have been installed, and plans to conduct site audits during 2010.

ANZ has commenced the consolidation of its Melbourne commercial property portfolio. A central part of this process is a move to ANZ Centre, the Bank's new global headquarters, which will house approximately 6,500 staff. The energy assessment for this site is expected to be completed in 2010, subject to the new data sets being available from the 600 data points at this site. The consolidation of ANZ's sites in Melbourne will see five commercial sites closing by June 2010. These sites have now been excluded from the scope of the assessment program.

Table 1.2 – Energy use assessed		
Group member and/or business unit and/or key activity and/or site that has had an assessment completed by the end of this reporting period.	**Period over which assessment was undertaken[1]**	**Energy use per annum in GJ[2] in the current reporting year**
Commercial	1/7/2007 to 30/06/2009	104,930
Critical	1/7/2007 to 30/06/2009	137,294
Retail	1/7/2007 to 30/06/2009	3,131
Total energy assessed		**245,356**
Total energy use of the group in the current reporting year		**643,102**
Total energy assessed expressed as a percentage of total current energy use		38%

To align Energy Efficiency Opportunities (EEO) Program reporting with the National Greenhouse & Energy Reporting (NGER) methodology, ANZ has chosen to include energy usage from unmetered sites in the total energy use of the Group. The addition of this energy usage has led to the percentage of ANZ's energy usage that was physically assessed remaining at 38%, as it was in ANZ's 2008 report. ANZ was previously only reporting on energy usage from sites where the Bank had a meter installed and did not include sites where ANZ received only estimated data.

Part 1 – Information on assessments completed to date (continued)

Table 1.3 – Accuracy of energy use data		
Entity	**% achieved**	**Reasons for not achieving data accuracy to within ±5%**
Commercial	95%	
Critical	95%	
Retail	95%	

ANZ has not identified any classification of property within the assessed sites where data accuracy breaches the 5% tolerance.

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2A - New Assessments completed during the reporting period (July 2008 to June 2009)

Name of Group member or business unit or key activity or site: ANZ Banking Group Ltd – All Australian Sites

Energy use of the entity during the current reporting period	643,102	GJ

Table 2.1 – Opportunities assessed to an accuracy of ±30% or better.

Table 2.1 – Opportunities assessed to an accuracy of ±30% or better

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤4 years	> 4 years	
Outcomes of assessment*	Total Identified	23	243	720	261	1224
Business Response*	Under Investigation	7	39	720		759
	To be Implemented	11	174			174
	Implementation Commenced					
	Implemented					
	Not to be Implemented	5	30		261	290

The table captures the results of the 10 assessments undertaken in 2009. The opportunities identified may be applicable to more than just the 10 assessed sites although the potential savings have not been calculated for other sites. In 2010, it is expected that ANZ will review the individual opportunities and determine the savings that can be made on a portfolio-wide basis upon completion of the various pilots the Bank is undertaking.

Table 2.2 – Opportunities assessed to an accuracy of worse than ±30%.

Name of Group member or business unit or key activity or site: ANZ Banking Group Ltd – All Australian Sites

Energy use of the entity during the current reporting period	643,102	GJ

Table 2.2 - Opportunities assessed to an accuracy of worse than ±30%

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤4 years	> 4 years	
Outcomes of assessment*	Total Identified	42	4,726	1,943	4,788	11,457
Business Response*	Under Investigation	28	3,410	1,864	1,362	6,636
	To be Implemented	1	103			103
	Implemented	3			3,426	3,426
	Not to be Implemented	10	1,213	79	N/A	1,292

In 2010, ANZ will undertake further assessment of the potential energy savings for each identified opportunity. This will include the actual savings from projects that have been implemented. Included in the above table are a number of opportunities that are financially viable but introduce additional business risks. At this stage ANZ has made the decision not to implement these initiatives.

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2B - Update of assessments originally reported in previous reporting periods

Name of Group member or business unit or key activity or site: ANZ Banking Group Ltd – All Australian Sites

Energy use of the entity during the current reporting period	643,102	GJ

Table 2.3 - Opportunities assessed to an accuracy of ±30% or better

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period (GJ)			Total estimated energy savings per annum (GJ)
			0 – < 2 years	2 – ≤4 years	> 4 years	
Outcomes of assessment*	Total Identified	34	4292	540	1088	5920
Business Response*	Under Investigation	9	395		1082	1477
	To be Implemented	2	33			33
	Implementation Commenced	4	497	540		1037
	Implemented	10	3367		6	3373
	Not to be Implemented	9				

The table has been updated and includes additional opportunities identified at our Dorcas Street site, which was audited in 2008.

Note:-Table 2.4 (Opportunities assessed to an accuracy of ±30% or worse) is not relevant to ANZ as all opportunities have been calculated to an accuracy of 30% or better.

Part 2 - Energy Efficiency Opportunities that have been identified and evaluated

Part 2C - Details of at least three significant opportunities found through EEO assessments

Table 2.5 – Description of 3 significant opportunities
Opportunity 1
Commercial Property – Church Street, Richmond, Victoria The majority of the office area lighting is fluorescent lighting. More than 1,900 tubes (1-tube and 2-tube fixtures combined) are older T8 technology, driven by magnetic ballasts. A T5 retrofit kit can be used to reduce power consumption without modifying the existing light fittings. The achievable annual electricity saving is 142,678 kwh or a cost saving per annum of more than $17,000. The capital expenditure cost is estimated at $46,000 (Ex GST) with less than four years simple payback. Verification of calculations and product evaluation needs to take place prior to a whole-of-property rollout.
Opportunity 2
Retail Property – Bondi Junction, NSW The air conditioning (HVAC) system is served by a single time clock that is set to run from 06:00 to 20:00. These hours are in excess of the opening hours of the retail banking branch but may be appropriate for the ANZ Business Banking Centre located on the first floor. ANZ pays for the base building energy costs of the whole site. There is the opportunity to add a separate time clock circuit for each HVAC unit on the roof. This way clocks can be set for each area to match their periods of occupancy. The HVAC in the branch should be scheduled to operate from 08:30 to 17:30 and an after hours HVAC request button should be installed. This way, if there is a need for anyone to work beyond normal hours, a simple button push will extend the operation period by one hour on each occasion. Cutting HVAC operation from 06:00 to 08:30s and from 20:00 to 17:30 should save an estimated average of 10 Hours of air conditioning use per week. Our experience is that once the HVAC is switched off, occupants will not automatically activate the after hours button if they are working late when the room conditions are acceptable. If the air conditioning uses an average of 15kW during the summer and winter seasons the energy saving would be in the order of 7,500 kwh per annum or $1,250 per year. The capital expenditure cost is estimated at less than $3,000 (Ex GST) with less than three years simple payback.

Opportunity 3

100 Queen Street

The Building Management System upgrade has been completed at 100 Queen Street and the energy audit, together with the ongoing day to day management of the site, has identified that ANZ will be able to achieve annual savings estimated at 453,000 kwh (1,630GJ). One of the main areas of focus is optimising control strategies for heating, cooling and electrical control maintenance through daily analysis of the trends at the site.

Part 3 - Voluntary Contextual Information

Table 3.1 – Contextual Information

Leadership

Energy management is an integral part of the ANZ approach to Corporate Responsibility. ANZ has developed an energy-saving strategy that is focused on:

- Reducing energy use in ANZ's major commercial buildings and across the retail branch network
- Introducing initiatives and processes to encourage energy savings in the use of technology and at the Bank's data centres
- Ensuring environmental sustainability is a core consideration for all new ANZ properties and refurbishments of existing buildings

In an attempt to improve energy performance ANZ has engaged a dedicated team from JLL to manage the program of sustainability improvements as an integrated work stream. This is in addition to the capital and operational work stream managed through the ANZ property asset management team together with JLL commercial and facilities managers. Current sustainability initiatives become business as usual in the next financial year.

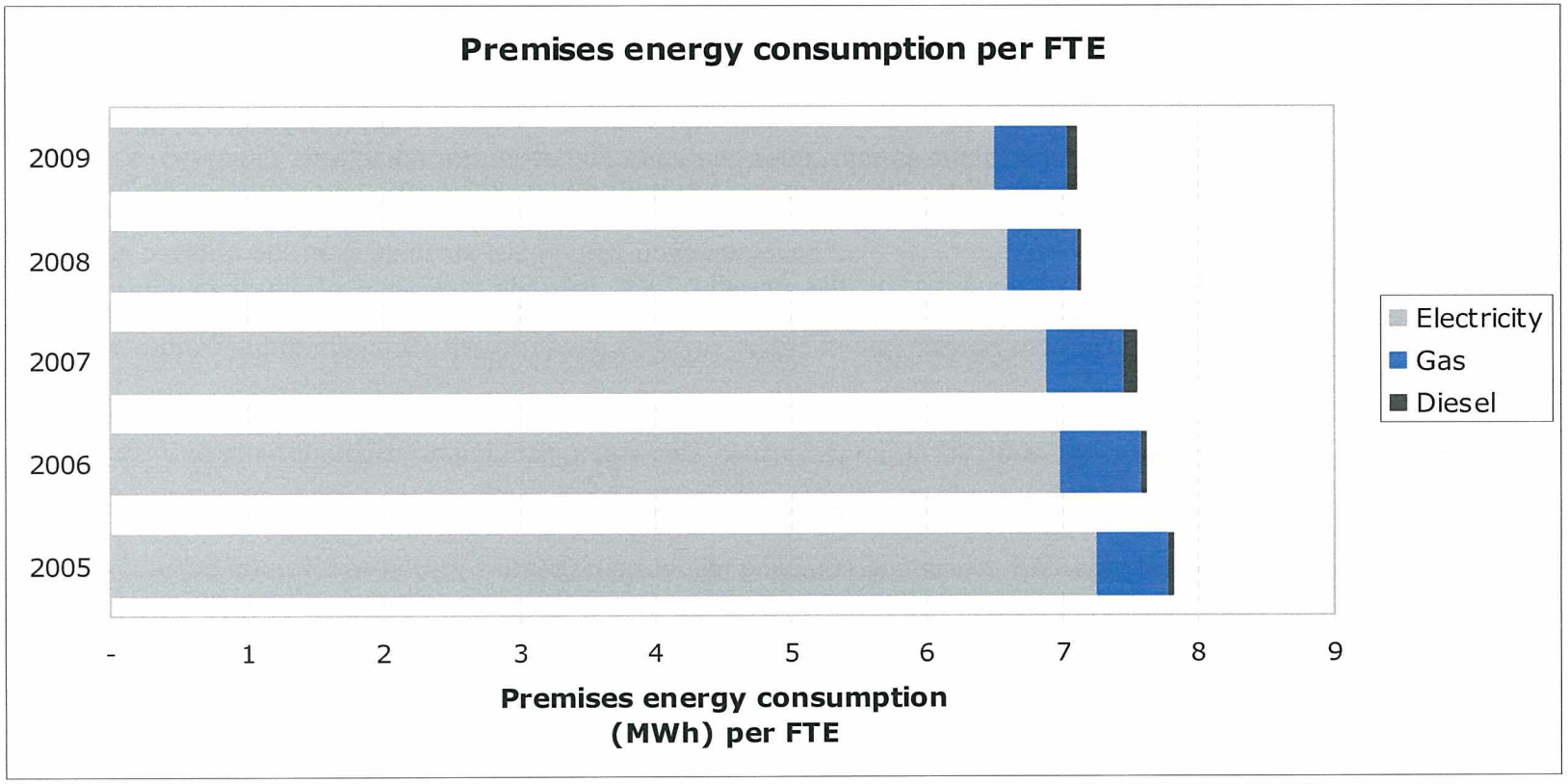
As part of this program ANZ has installed sub-meters at all of its high usage commercial sites, critical sites and representative retail sites to identify specific performance improvement opportunities and to enable the audit process for EEO to occur in an efficient and transparent way.

Monthly reporting occurs from each of the major sites and performance improvement opportunities are discussed with the local facilities manager and then progressed to decision stage through the ANZ property management team. Implementation is via the capital works or operating expenses budgets. Initiatives not able to be actioned in the current financial year are proposed for budget approval in the next financial year.

ANZ will continue to see a considerable change in its commercial property portfolio over 2010 as five Melbourne properties are closed with staff moving to our new, purpose built, Six Star Green Star headquarters, which will house 6,500 ANZ staff. The new building is designed to produce about 70 per cent less greenhouse gas emissions than a standard commercial office building and will generate much of its own electricity using an on-site tri-generation plant as well as solar cells and wind turbines. Other features include black water recycling, rainwater harvesting, and an underfloor air-conditioning system that uses water from the Yarra River to reduce demand on the cooling towers.

Overall Performance

ANZ can demonstrate performance improvements over the past five years as below.



ANZ has just completed the two year electricity performance target period ending September 2009. ANZ achieved a 6% reduction per FTE in electricity consumption against its reduction target of 5%. Based on the performance improvement of 9% over the past five years, ANZ has achieved energy savings of $4 million dollars and 21,000 MWH of energy.

People
ANZ has developed design standards (incorporating sustainability) for all new buildings and fit-outs covering both retail and commercial properties.

The ANZ property team has partnered with the JLL sustainability specialist team to provide technical support to site level personnel to assist in the modelling of energy consumption and the identification and assessment of opportunities at all sites.

ANZ commercial asset managers are responsible for implementation of all capital expenditure projects associated with individual assets.

Information, data and analysis
ANZ has an accommodation plan that assesses each site (both retail and commercial) with respect to its long term viability at its current location. This approach ensures ANZ is able to maximise the opportunities available as part of the Bank's energy performance management.

Because ANZ is changing its commercial property portfolio in Melbourne, the Bank's largest base, our approach to the EEO assessments has been to focus on properties that will remain through to the end of the first EEO period and will provide the maximum opportunity to implement changes. This includes commencing the representative sampling approach for ANZ's retail branches.

ANZ has been developing capability for energy and greenhouse reporting over the past five years. ANZ has helped to develop a web-based, real-time system that monitors energy usage from multiple services separately (For example, from air-conditioning systems, lifts and lighting) before adding it together to record total energy usage. The Bank has also developed a management reporting system that provides business unit and building data including associated greenhouse gas emissions.

Opportunity Identification and Evaluation
ANZ, in partnership with JLL, has been identifying potential savings initiatives for a number of years. The JLL sustainability team was specifically employed to assist ANZ to reduce its energy footprint.

ANZ manages the development of capital and operational expenditure within the property portfolio in three different ways.

- Capital works expenditure program that includes key projects such as ANZ Centre, the Bank's new global headquarters Capital expenditure program for individual buildings including sustainability initiatives
- Operational expenditure for ongoing maintenance to existing infrastructure

How ANZ is reducing electricity consumption

Making computer use more efficient

Like most businesses, ANZ relies heavily on computer technology and this accounts for a large proportion of the Bank's energy use. ANZ has taken a number of steps to make sure computer use is as efficient as possible.

For example, the ANZ Business Server Relocation Project has seen the decommissioning of almost 400 redundant servers and the centralisation of business servers into dedicated data centres. It is estimated that the removal of these servers has reduced ANZ's electricity consumption by approximately 1980MWh pa (approximately 1% of ANZ Australia's total consumption). This is an annual dollar saving of approximately $215,000 based on current electricity prices. All servers were decommissioned during May, June and July of 2009.

Improving the energy efficiency of existing buildings

'Smart' meters installed in office buildings and branches around Australia are proving an invaluable source of information about how ANZ uses energy – helping to identify the changes needed to reduce the Bank's energy footprint.

Changes made to cooling and heating systems and lighting at ANZ's call centre building in South Melbourne - as identified from data collected by 25 smart meters - has helped reduce consumption at the site by 25% in 2009, cutting the 2009 energy bill by around $150,000. Further efficiency changes, such as co-locating teams that operate 24 hours to maximise efficiencies, will be implemented in 2010.

ANZ has extended this approach to the branch network, which provides the greatest opportunity for large-scale reductions in energy use. In 2009 meters were fitted in 18 branches across Australia. The branches selected were a representative sample and included branches of various sizes and ages, as well as a broad range of layouts. Findings from the data captured by these meters will be factored into designs for all new branches as well as the maintenance and refurbishment of existing branches. EEO assessments will capture the opportunities generated from these sample sites.

Decision Making

ANZ's Corporate Responsibility Committee (CRC), chaired by the Chief Financial Officer, is the governing body that provides approval for ANZ's environmental strategy.

On an annual basis, funding for energy efficiency initiatives across ANZ's operations is submitted to the Bank's Operations, Technology and Shared Services executive for approval by the ANZ Global Property Group. Details of the budget allocated are then provided to the Corporate Responsibility Committee.

Communicating outcomes

External

anz.com is the channel for external communication of ANZ's performance in energy management. Historic data information is available from 2005 and ANZ has set public targets for premises energy and greenhouse gas eEmissions for 2009-2011.

ANZ reports its progress against targets, including operational footprint targets, in the Bank's annual and interim Corporate Responsibility reports.

Internal
ANZ's Environmental Sustainability team measures ANZ's performance against footprint reduction targets and reports to the Corporate Responsibility Committee on a quarterly basis. Detailed building performance is monitored on a monthly basis by ANZ's property management group, data centre managers and facilities management company JLL.

Table 3.2 – Energy use expressed in Greenhouse Gas emissions and as an energy use indicator

Period of energy use 1st July 2008 to 30th June 2009

Name of group member/ business unit/ key activity/site	Energy use pa (GJ)	Energy use pa (GGE)	Energy use as an indicator*
ATMs not included in Retail	22,497	5,960 tonnes (CO2-e)	14.16 GJ/ATM
Commercial	193,152	55,941 tonnes (CO2-e)	0.90 GJ/m2
Critical	150,381	43,470 tonnes (CO2-e)	2.33 GJ/m2
Retail	192,198	49,620 tonnes (CO2-e)	0.73 GJ/m2
Road Transport	84,446	5,878 tonnes (CO2-e)	108.99 GJ/Vehicle
Other	428	108 tonnes (CO2-e)	0.63 GJ/m2
Total	**643,102**	**160,978** tonnes (CO2-e)	

Table 3.3 - Opportunities assessed to an accuracy of ±30% or better ($ value)

Status of opportunities identified		Number of opportunities	Estimated energy savings per annum by payback period ($)			Total estimated energy savings per annum ($)
			0 – < 2 years	2 – ≤4 years	> 4 years	
Outcomes of assessment*	Total Identified	23	6,219.10	27,238	9,259	42,716
Business Response*	Under Investigation	7	1091	19,998	6,199	27,288
	To be Implemented	11	4303			4,303
	Implementation Commenced					

	Implemented					
	Not to be Implemented	5	825	7,240	3,060	11,124

For ANZ the main opportunity is with initiatives that sit outside of the accuracy of 30% or better. Savings have been identified of more than $400,000 but these require further analysis to clarify the scale of opportunity. ANZ is currently using 10 cents per kWh as the baseline electricity cost for all opportunities.

Part 3 - Voluntary Contextual Information (continued)

Table 3.4 – Changes in energy use as an indicator

Name of group member/ business unit/ key activity/site	Current energy use as an indicator	Previous energy use as an indicator	Reasons for change
ATM's not included in retail	New Category		ANZ has made changes to calculating energy usage from its unmetered ATM's, which were previously considered out of scope. As a result of the ABA review for the National Greenhouse and Energy Reporting System (NGERS) ANZ now includes these devices.
Retail (Unmetered)	Part of retail		ANZ has made changes to calculating energy from its retail sites where energy is charged as part of landlord outgoings. These sites were previously excluded from reporting as part of the EEO program. This change is aligned to NGERS reporting.
Total			

Part 4 - Declaration

Table 4.1 - Declaration of accuracy and compliance (mandatory information)

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*.	
	David Gallagher COO, ANZ
	Date 12/03/2010