

KCGM NEWS & VIEWS

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OUR NEWS *Your Views*

From the General Manager Russell Cole



Russell Cole
General Manager,
KCGM



Welcome to the sixth edition of KCGM's News and Views. In this edition we will be featuring and explaining the results of the latest Social Impact Assessment (SIA), KCGM undertook in 2007.

In 2004 KCGM commissioned a SIA, which provided an action plan and a benchmark for the 2007 SIA. Some of you may recall that at the time we also produced the first edition of News & Views with the results (which by the way has been reprinted and is still available at the Super Pit Shop if you would like a copy). Projects since 2004 have included the Fimiston Gold Mine Extension (Golden Pike), the development of a Conceptual Mine Closure Strategy, Closure Action Plan and new community relations initiatives such as the Super Pit Shop.

It's important for KCGM to conduct SIA's to gauge the perceived impact our organisation has on the local community by gathering information from the people who matter most – those that live and work here in Kalgoorlie-Boulder. Apart from being very interesting, it is vital for us to get an insight into the community's perception of KCGM and how we do business.

Although the focus of the 2007 SIA differed slightly than that of the 2004 assessment, it's pleasing to see improvements in the community's perception of KCGM in relation to company transparency and our contribution to the local tourism industry. KCGM will use the results of the latest SIA to assist us in future planning.

The entire Social Impact Assessment is available on the KCGM website www.superpit.com.au and I would encourage everyone to take a look at the results and the feedback many of our key stakeholders gave us regarding our performance. If you have any questions or feedback regarding the 2007 Social Impact Assessment feel free to contact the friendly KCGM Community Relations Department located at The Super Pit Shop, 2 Burt St, Boulder.



MORE INFORMATION

How do I give feedback to KCGM?

The Public Interaction line, Ph 9022 1100 is available 24 hours a day, seven days a week for all queries regarding our operations. You can also drop into the Super Pit Shop at 2 Burt Street Boulder to talk with our Community Relations team.

>> SOCIAL IMPACT ASSESSMENT

The 2007 Social Impact Assessment (SIA) was conducted by Q & A and was completed towards the end of last year. It aimed to provide KCGM with a framework for managing its social performance over the next three years. This year's study differed from the qualitative approach of the 2004 study, that focussed on gaining depth around the way people form their perceptions and the issues of importance to them. This study took the outcomes of 2004 and created a series of social performance indicators that can be used to measure importance to the community and to track KCGM's performance against these criteria into the future.

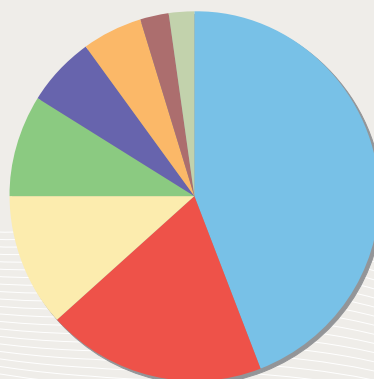
How we conducted the study

The 2007 SIA was based on Q & A's 5-step assessment process that looks to describe the relevant human environment and community, detailed public scoping, development of analysis and benchmark tools for the social performance criteria, measure actual effects of the operation and develop appropriate recommendations and plans for the future.

Who did we talk to during the telephone survey?

All residents and businesses who participated in the survey were contacted using a random sample of local telephone numbers based on telephone directory data. The interviewers started with numbers from Williamstown to ensure that this group was represented in the survey results.

Of the 155 residents and businesses that participated in the survey:



- 50.1% worked for a local business
- 21.7% worked for another local mining or mine contracting company
- 13.2% worked for local government or another government agency
- 10.0% worked for a local health or community service organisation
- 7.0% classed themselves as Indigenous Australians
- 6.0% had a partner who worked for KCGM
- 2.7% worked in the local tourist industry
- 2.6% were a member of a local environmental group.

The public scoping component of the study involved a total of 320 interviews giving a statistically valid sample across residents and business groups. The sample included 105 community residents (including 4 from Williamstown) and 50 local business representatives, contacted by Q & A's research partner Synovate, 143 employees and contractors who completed an online survey, 19 Indigenous representatives who were interviewed in person, and 3 government agencies, representatives of whom were interviewed by phone. In addition, facilitated workshops were conducted with KCGM's Management Team and the Community Reference Group.

What had changed since 2004?

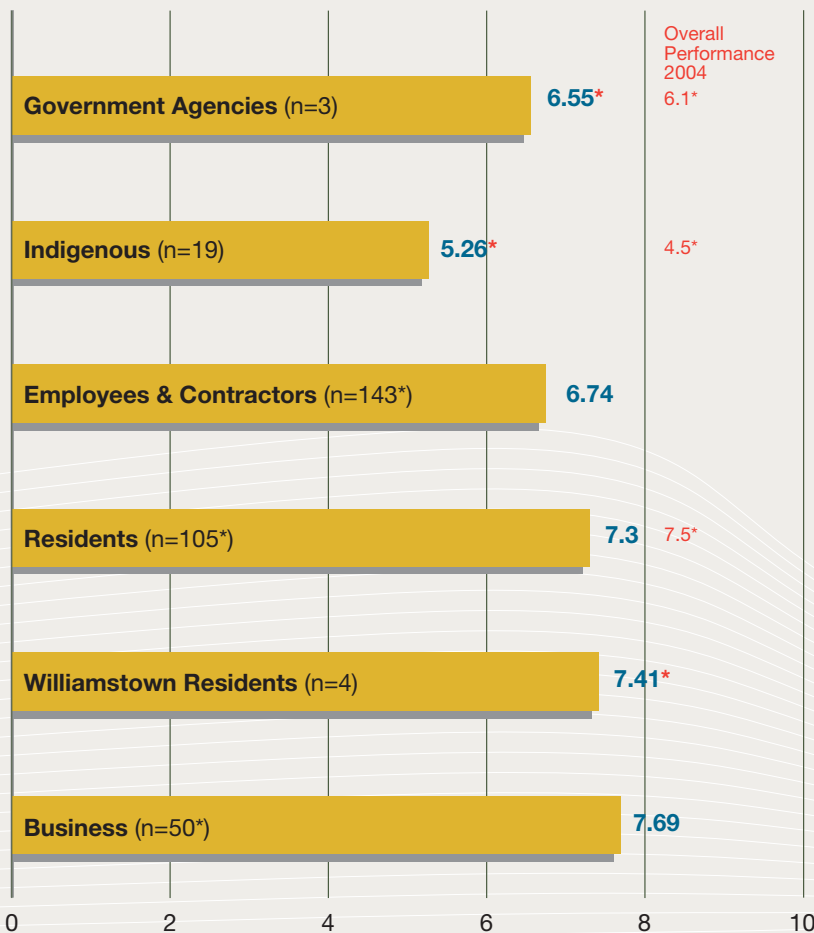
The study highlighted a number of key changes since 2004 that were likely to influence community perceptions, these included:

- The Cutback Expansion Plans;
- Environmental issues such as the air emissions investigation and saline water and seepage issues that were currently being managed;
- Increase in Indigenous employment to 4.8% of KCGM's workforce;
- The Pit Shop investment;
- Increased employee turnover to 29.1%; and
- Launch of KCGM's vision for the future

What hadn't changed was KCGM's commitment to local employment (currently 99% of KCGM's workforce live locally) which equates to a direct population impact of 2.8% and indirect impact of 7.6% and use of local suppliers with current spend figures at \$A226million per annum.

Overall Performance

Figure 1: 2007 Overall Performance (weighted by importance, score out of 10)



* statistically representative sample size
 * these results are indicative only as they are based on small sample sizes



Figure 1 shows KCGM's overall perceived social performance using a mean rating weighted by the importance of various criteria. They show strong performance by KCGM and the scores among local business and residents are one of the highest seen by Q & A in similar studies of mining operations around Australia and New Zealand.

This high performance tends to be driven by improvements in perceived transparency, contribution to the community, local employment, contribution of KCGM employees to the community, integration into the community and visible efforts in planning for the future.

“This social impact assessment was a complex study that covered all aspects of KCGM's operation. The results show that KCGM has put significant effort into improving their transparency and community involvement since 2004 and the community appreciated these efforts.”

Q & A Director Danicia Dutry

Social Indicators

Seventeen social indicators, identified as being important to the local Kalgoorlie-Boulder community in the 2004 SIA, were assessed by all participants. Employees and contractors also considered an additional three social indicators relevant to the organisation internally. The indicators were assessed in terms of their importance to the individual and KCGM's performance in managing the issue. KCGM generally achieved high performance ratings across most indicators.

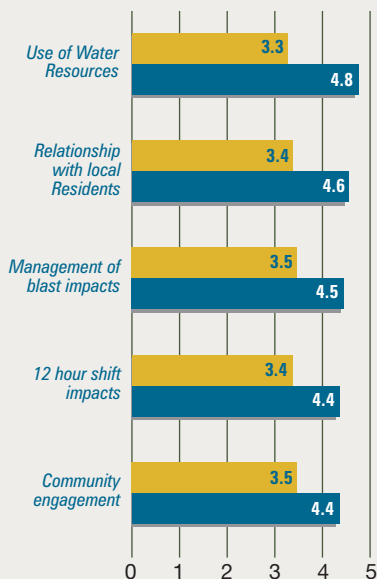
There were a few indicators that participants rated as high importance and rated KCGM's performance lower than other areas. These indicators were identified as key performance areas i.e. the areas where the gap between perceived performance and importance was the highest. This analysis was conducted for residents (with separate analysis of Williamstown residents though due to the small sample size these are indicative only); businesses; employees and contractors and Indigenous stakeholders. These results are illustrated in Figure 2, 3, 4 and 5.

For government agency stakeholders, planning for the future, rehabilitation or revegetation of unused mining areas, Sulphur Dioxide and other air emissions and relationships with local residents stood out as their key improvement areas.

The Key Performance Improvement areas:

■ Perceived Performance Rating out of 5
■ Perceived Importance Rating out of 5

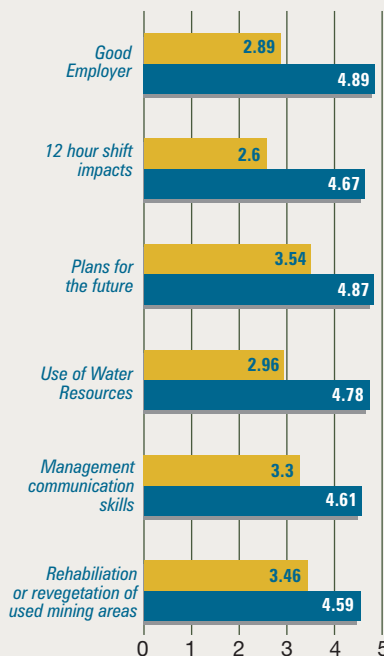
Figure 2: Residents



Local residents saw KCGM as a good local employer that contributed significantly to the local community. Continuing to build relationships across all sectors of the community, improving water and blast management and perceived impacts of 12 hour shifts on community life were identified as areas where the company could improve.

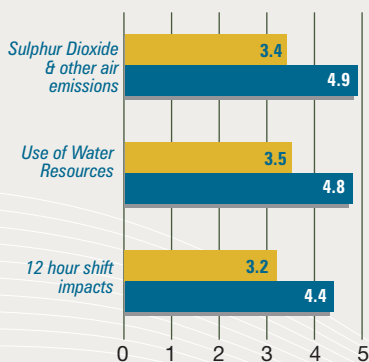
Note: Williamstown residents (n=4) key improvements areas were safety, management of noise, dust and vibration, rehabilitation or revegetation of unused mining areas

Figure 4: Employees & Contractors



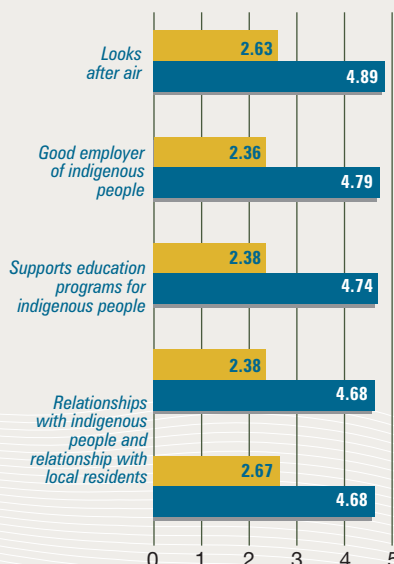
The survey timing coincided with new agreement negotiations and this is reflected in the results with improvements around internal conditions a key focus for employees and contractors.

Figure 3: Business



Local businesses rated KCGM highly, appreciating the company's significant local purchasing, support of local businesses and their visibility in the local community. Areas for improvement acknowledged the company's recent challenges in managing air emissions and called for creative solutions to managing perceived impacts on 12 hour shifts and use of water resources.

Figure 5: Indigenous Community Stakeholders



The local Indigenous community noted significant improvement by KCGM, particular in terms of engaging Indigenous people. Improvement areas reflected a desire to see continued results in Indigenous employment and education programs and environmental management.

Challenges on the Horizon

The study determined a number of key challenges on the horizon for KCGM to continue focus on over the next three years. These were:

- Workplace relations including working hours, flexibility, impacts of shift life on families, retention, gender and diversity and pay structures;
- Long term planning including closure planning, extending life past 2017 and the ongoing economic viability of the project;
- Managing water usage and air emissions;
- Managing vibrations, noise and dust associated with blasting;
- Rehabilitation of un-used mining areas
- Indigenous employment and training

Recommendations of the Study

Based on these results, the study recommended a focus on engagement around future plans, improved consistency in Indigenous relations, continued efforts to develop strategies to reduce the impacts of 12 hour shifts on family life and continued efforts to address and communicate more sustainable water practices, rehabilitation plans and management of air emissions. In addition, relationships with local residents were highlighted and ongoing consultation, particularly around land, property and expansion and closure considerations, was recommended.

Internal communications and human rights compliance were also key foci of the study. In terms of internal communication, recommendations were made based on employee and contractor feedback as to their preferred information sources and content, a need to focus on lead indicators and future plans and activities, alongside efforts to improve communication skills among site supervision and management. In addition, identifying an appropriate process for raising queries and obtaining direct and accurate responses for employees and contractors was also recommended.

From a human rights compliance perspective, KCGM was compliant with all Articles of the United Nation's Declaration of Human Rights and the Articles of the Convention (no.169) concerning Indigenous and Tribal Peoples in Independent Countries.

Recommendations were made with respect to continuing efforts and monitoring fair work conditions and support for Indigenous consultation, education, training and enterprise initiatives.

In addition to these results, the study also looked closely at closure planning by developing a series of success indicators based on a review of best practice examples from around the world and made recommendations as to how these could be incorporated into KCGM planning. This is particularly relevant as KCGM enters a new phase in preparation for end of mine life around 2017. Recommendations relating to closure planning included the involvement of all levels of government, as well as the local community, in creating a vision for Kalgoorlie-Boulder post mine closure, efforts to identify areas that will require long term monitoring and clarify responsibilities for these into the future, explore and build creative infrastructure solutions, tourism and support of other appropriate economic diversification strategies and determine appropriate budgets for employee programs, infrastructure programs, community investment and rehabilitation in the lead up to closure.

Q & A Director Danicia Dutry said of the study "This social impact assessment was a complex study that covered all aspects of KCGM's operation. The results show that KCGM has put significant effort into improving their transparency and community involvement since 2004 and the community appreciated these efforts. The company is entering a challenging phase of development as it plans for the future with the cut back expansion project and in the lead up to the end of mine life in 2017. This phase will require renewed efforts in engagement across all parts of the community."

GOT AN ISSUE WITH KCGM? WANT TO GET IT ON THE AGENDA?

If you would like to discuss an issue you have with KCGM, you can contact one of our CRG members and have it discussed at a Community Reference Group meeting.

Anne Petz	(08) 9093 3938
Deborah Botica	(08) 9021 6467
Guy Brownlee	(08) 9021 3888
Jeff Jones	0438 215 634
Kathleen Bentley	(08) 9022 7501
Kevin Smallhorn	(08) 9021 2420
Murray Joyce	(08) 9021 4262
Tim Champion	(08) 9091 6726
Max Bentley	0429 990 485



If you have missed out on previous issues of News & Views and would like a copy, please contact our CR Office on 9093 3488 or visit the team at the Super Pit Shop, 2 Burt Street Boulder. It's also available online at www.superpit.com.au

KALGOORLIE CONSOLIDATED GOLD MINES

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Full copies of the 2007 and 2004 studies can be downloaded from <http://www.superpit.com.au/>

