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Social Impact Assessment for:

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BACKGROUND



BACKGROUND

This document presents a social impact assessment for Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM) operations in the Kalgoorlie-Boulder area of the Goldfields-Esperance region Western Australia.

KCGM has previously undertaken social impact assessments (SIA) as part of their pre-feasibility and feasibility studies for the Super Pit. Social impact studies have since been completed for specific projects, such as the By-Pass Road. These studies have included public scoping and a participative methodology however a formal SIA has not been conducted since 1991.

Patterson Market Research conducted a community attitudinal assessment in 1999. This considered perceptions of environmental issues and the relationship between KCGM and the Kalgoorlie-Boulder community.

These studies provide an important baseline for the proposed SIA. In addition, recent five star assessments and the Cooke Review provide information into current progress and stakeholder drivers.

Project Objectives

This study aimed to address the following research objectives:

- Provide KCGM with an indicative performance measure on their social performance within the communities in which they operate
- Identify KCGM's key social impacts and performance in managing these impacts
- Determine the key priority areas in order to improve social performance
- Investigate Indigenous community perceptions with the aim of assisting in the development of the Indigenous people's policy.

The Operations

KCGM manages the assets and operations of joint venture partners, Newmont Australia Limited and Barrick Gold of Australia Ltd. Their combined ownership includes the Fimiston Open Pit (Super Pit), Mt Charlotte Underground Mine, Fimiston Mill and Gidji Roaster.

Located at the southeast corner of the city of Kalgoorlie-Boulder, approximately 600kms from Perth, the Super Pit in Kalgoorlie was born out of the days when small mines were owned by individual operators, along the area of land commonly known as "the Golden Mile". In the 1980's, businessman Alan Bond began purchasing these mines in large quantities and although his company was unsuccessful in the complete purchase, the land was eventually combined to create what is now commonly known as the Super Pit. At around 2.9km long, 1.2km wide and 260 metres deep, the Super Pit is Australia's largest open pit gold mine. KCGM produces up to 850,000 ounces of gold from the mine every year. This production makes Australia the third biggest gold producer in the world, behind South Africa and the USA.

Given the immense scale of KCGM's operations and its proximity to the Kalgoorlie-Boulder community, the company has significant environmental, social and economical impacts – both positive and negative.

Report Structure

Every community is different and for the same reasons every organisational culture is also different. Communities and organisations are both made up of people with different backgrounds, cultures and drivers. It is therefore crucial to firstly profile the existing human environment and then look at an organisation's impacts upon this environment. These two factors will change over time so this document is structured to allow for regular review as part of the impact assessment process

This document looks at KCGM's impacts, performance, the drivers of perceptions and recommendations for future improvements. Stakeholder's perceptions of impacts are considered according to local, State

based and Indigenous stakeholder groups. Williamstown stakeholders are considered in a separate section as the impacts, results and issues for this group are significantly different from the others.

The results are based on Q&A's independent in-depth stakeholder interviews, conducted from 10th- 12th March 2004 in Kalgoorlie-Boulder, the 16th – 18th March 2004 with State based stakeholders and 23rd – 25th March 2004 with the Indigenous community in the region.

It is important to note this survey timing coincided with the release of the Cooke Report, the recent departure of General Manager John Shipp and Manager Strategic Mine Development Gary Lyle, and the Shire's signing of the framework agreement between the City of Kalgoorlie-Boulder and the ATSIC Mulga Mallee Regional Council. These events are reflected in some of the findings of the perception analysis.

There were significant differences between the local Kalgoorlie-Boulder based stakeholders, the Williamstown community, the local Indigenous community and State based stakeholders. For this reason, the perception results are presented according to each stakeholder group.

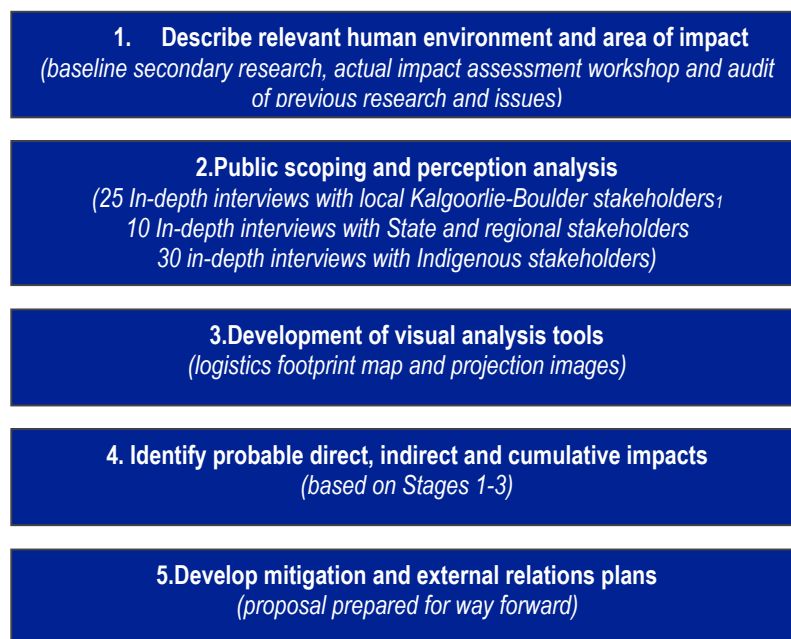
Where appropriate, quantitative survey findings from the Patterson 1999 survey on the importance of various environmental and community relations issues are included as a point of reference.

The Methodology

The methodology for this assessment is designed to build on existing assessments and consultation conducted by KCGM. It provides detailed insight into stakeholder perceptions and practical tools for future impact assessments and planning. The steps undertaken for this study, based on Q&A's approach to impact assessments, are outlined below.

Participating stakeholders are outlined in Appendix 3. Local stakeholders included representatives from the CRG, City of Kalgoorlie-Boulder, health and community services, local businesses, employees, contractors and local residents. State based stakeholders included Government departments, Ministerial offices, Members of the Opposition, union representatives and conservationists. Indigenous stakeholders included community leaders, health and community service representatives, housing, employment and training specialists, local community members and local Indigenous contractors.

Figure 1.1: Methodology



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SUMMARY OF FINDINGS



COMMUNITY PROFILE

A description of the human environment and area is critical to understanding the social, cultural and economic drivers currently at play. This information also provides the baseline for monitoring actual impacts in the future and the development of mitigation strategies. A complete social profile is outlined in Appendix 4. It considers the City of Kalgoorlie-Boulder as the human environment under immediate consideration and the Goldfields-Esperance region as the greater area of secondary consideration.

The City of Kalgoorlie-Boulder is some 596km from Perth, covering an area of 95,228.5 sq km, making it Australia's largest outback city and the biggest outback city in the world.

The original inhabitants of the area were the Maduwongga or "Wongji" people. However due to the massive population influx during the gold rush and the establishment of missions in the area, a number of groups of people, including different groups of Indigenous tribes, moved to Kalgoorlie, and now call it home. The early gold mining and pastoral activities around the city displaced many Aboriginal people and many significant heritage sites or special places were not protected and have been lost to disruption over time.

An Irish Prospector, Paddy Hannan, originally discovered gold near Kalgoorlie in 1893. Hannan's find sparked a famous gold rush and established what we now know as the Kalgoorlie-Boulder Golden Mile. In the years that followed thousands of people from all over the world flocked to the area, attracted by stories of massive gold deposits and the two towns of Kalgoorlie and Boulder were established side by side in the early 1900s. The isolation and lack of infrastructure including shelter, sanitation and water were significant early challenges for the town, whose population swelled to 30,000 almost overnight.

Over the years Kalgoorlie-Boulder's population has fluctuated with the changing fortunes in the region. Today, together with other resources such as nickel and copper, gold makes the region one of the richest and most prospective mineral districts in the world.

Its population is now back to around 30,000, due largely to the recent development of large nickel deposits in the Northern Goldfields and on-going confidence in the region. Kalgoorlie-Boulder's airport is now the busiest regional airport in Western Australia.

Kalgoorlie-Boulder has also grown as a significant regional centre for inland communities and is serviced by a number of Government agencies, retail and service businesses and significant infrastructure including health and education.

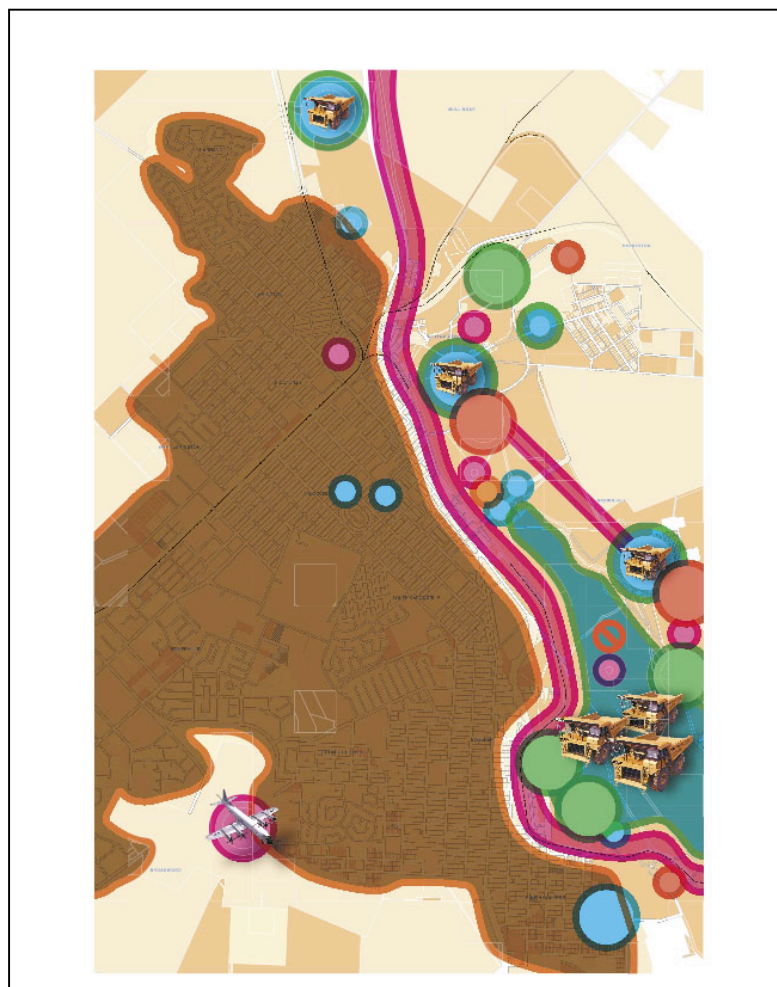
This is complemented by a growing tourism industry, which is actively marketing the history of the area and has led to the refurbishment and preservation of many of the historic buildings established during the initial gold rush 100 years ago.

ACTUAL IMPACTS

The actual impacts by KCGM on the human environment are detailed on the map below. This map looks at KCGM's principle positive and negative impacts and their geographical location. It assists to identify those subsections within the community that are most affected by the operations and the focal points for communication, accommodation and economic contributions.

- Infrastructure and service delivery impacts include roads, conveyors, the hospital and airport.
- Economic impacts includes the contribution of the operations to the community, local businesses and suppliers, the school of mines, the Mining and Prospectors Hall of Fame and the local high school.
- Environment, amenity and safety impacts include greening programs, tailings dams, blasting activity and water usage.
- Population and accommodation impacts are spread throughout the residential community of Kalgoorlie-Boulder, as is the local communication via the media.
- Land tenure impacts include the absence of Native Title on the Super Pit, the near neighbour issues such as Williamstown, Optimum Leases and Ninga Mia.

Figure 2.1: Map of Actual Impacts



(Source: Q&A, Block Illustrations 2004)

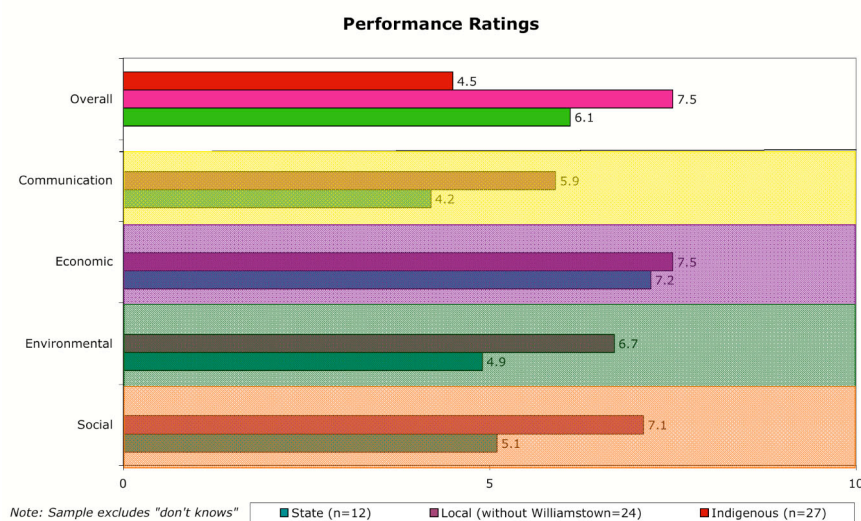
OVERALL PERFORMANCE

Stakeholders within the City of Kalgoorlie-Boulder rate KCGM very highly overall. This result is considerably higher than many other resource companies in Western Australia. However overall performance ratings are considerably lower among the Indigenous members of the community and State based stakeholders.

Figure 2.2 shows the mean rating for KCGM on a scale where 1 equals extremely poor and 10 equals excellent. It should be noted that these results are indicative only as the sample sizes are quite small. The results also exclude Williamstown residents, who rated KCGM below 1 for all areas. Overall 92% of local stakeholders rated KCGM between 6- 10. This compared to 37% of Indigenous stakeholders and 67% of State stakeholders for the same ratings.

Kalgoorlie-Boulder and State based stakeholders were asked to rate KCGM on their social, environmental, economic and communication performance. The results show that the positive economic and social contributions are well understood by local stakeholders. Performance in all three areas is perceived to be higher at a local level than at a State level, with the Williamstown issue and Cooke Report driving the lower ratings. These gaps will have implications on regulation over time and will need to be improved. Communication is another area for improvement, particularly at the State level.

Figure 2.2: KCGM Performance Ratings



(Source: Q&A 2004)

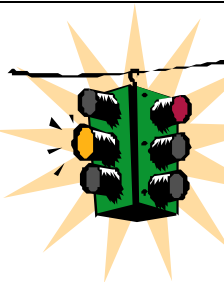
DRIVERS OF PERFORMANCE

Social performance is driven by both the actual impacts that an organisation has on a community and the perceived impacts. Performance will therefore shift depending on the importance of an issue to a particular subset of the community, the activities of the organisation at any point in time and the degree to which community groups trust the organisation's ability to manage these issues.

The table below summarises KCGM's key performance drivers overall. The table below is indicative only as this study did not survey a representative population sample rather it surveyed the perceptions of individual stakeholders. It is clear from the results of this study that drivers do differ considerably across the local Kalgoorlie-Boulder, State based and Indigenous stakeholder groups. The table does however provide a starting point for understanding overall performance and priorities.

A positive driver is one that leads a stakeholder to form a positive view of the company, while a negative driver is one that leads a stakeholder to form a negative view of the company.

Table 1.1 Drivers of Performance

	Positive drivers	Negative drivers
	Social	Social
Integration into local community and residential workforce Good employer with good diversity principles Can do culture Community participation and involvement Visible leadership i.e. having decision makers and faces within the local community A tourist attraction and part of cultural fabric of community	Recent leadership vacuum 12 hour shifts and impacts on family life Late start on Indigenous relations Inability to manage "near" neighbour issues such as Williamstown and Optimum Resources Not seen to be dealing with any of the more difficult social issues in the community, such as alcohol/drug dependency and the 14 – 18 year old agenda	
Environmental	Environmental	
Progress in rehabilitation and revegetation Improvements in environmental management especially noise and SOx reduction Indigenous involvement in seeding and rehabilitation Improvements in blasting practises Safety culture	Vibrations Water management Perceived lack of transparency over environmental impacts Lack of discussion around closure issues	
Economic	Economic	
Local employment and contracts Flow on through airport, hospital and other infrastructure Contribution to industry diversity eg tourism and heritage Support of school of mines	Perceived lack of follow through eg. Boulder Block Hotel and Loop Line Not seen to contribute to debate around what next after 2017 and local economic sustainability.	
Communication	Communication	
Regular and consistent media relations Wednesday BBQ internally Presence of a Community Reference Group and Public Enquiry Line	Lack of regular KCGM initiated communication eg community update or newsletter Low internal and external awareness of company values	