

BACKGROUND AND OVERVIEW

A Social Impact Assessment (SIA) gauges the impact an organisation, or any of its major initiatives, has on the local community. Collecting quantitative and qualitative data, the SIA identifies and compares actual impacts with community perceptions about those impacts. The study also ascertains the community's priorities. With a greater understanding of the community's expectations, values and perceptions, the organisation is better able to mitigate negative impacts and can enhance opportunities to make a positive contribution to the community. The SIA then becomes an important resource and reference for the organisation when developing both business and communication plans.

Our SIA research recognises that every community is unique - shaped by different social, political and economic experiences. Although this is a review of an SIA, it is still important to include an overview of the Goldfield's history, environmental values and demographic profile. This background sets the context for the study. It gives an insight into how the character and values of the Goldfields' communities have been shaped and their capacity to manage mining impacts and future change.

The history of an organisation and its footprint – human, environmental and economic have a significant impact on community perceptions and the degree to which a community is prepared to tolerate or manage both negative and positive impacts.

To understand how the community rates KCGM's social performance, additional sections explore core elements of community life, level of cohesion within the community and economic opportunities. Each section identifies the community's priorities and perspectives on these positive and negative impacts of mining, rating them in terms of how important these issues are to them and their perceptions of KCGM's performance in managing these impacts. It is worth noting that these perspectives are perceptions only and are reported as such. These perceptions create interesting comparisons between actual impacts or factual events and a community's interpretation of these. The comparison serves to highlight gaps that may require further communication or patterns of interpretation that should be taken into consideration in future planning.

Project Objectives

This SIA Review aims to:

- Provide KCGM with a documented and up to date assessment of their current social impacts and community perceptions of these impacts;
- Investigate in more detail closure impacts, Indigenous peoples impacts, human rights issues, internal communication and impacts on Williamstown residents;
- Use the research to develop future performance measure indicators.





Operational Profile

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 580kms 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 3.5km long, 1.5km wide and 410 metres deep, the Fimiston Open Pit Mine, known as the Super Pit is Australia’s largest producing 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. When fully developed this open pit mine will be 3.8 kilometres long, 1.4 kilometres wide and 500 metres deep.

More than 50 million ounces of gold have been recovered in the district since the first discovery in 1893, of which the Kalgoorlie mine has accounted for over 10 million ounces.

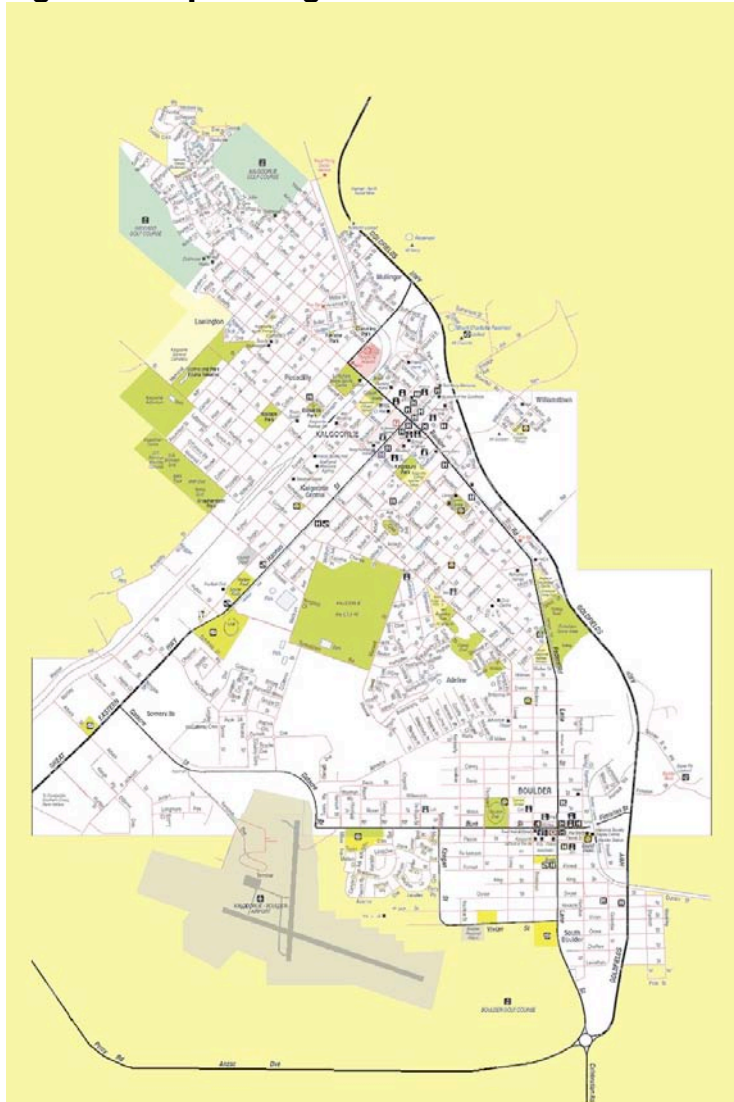
At the Super Pit, ore is being mined within the extensive legacy underground workings of earlier decades. Large 240-ton (218-tonne) mining trucks and 44-cubic yard (34-cubic meter) shovels move nearly 100 million tons (90 million tonnes) of ore and waste a year. The mill and flotation plant processes over 14 million tons (13 million tonnes) of ore per year. The plant includes a gravity circuit that was installed in 2004. Most of the resulting concentrate is trucked to a roaster at Gidji, 10 miles (20 kilometres) north of Kalgoorlie, for final gold recovery. Two ultra-fine grinding mills, which grind ore to the consistency of talcum powder, increase the concentrate handling capacity by 40% to 550,000 tons (499,000 tonnes) per year. The flotation tails are also leached for additional gold recovery. (Source: www.newmont.com.au)



Community Profile

Given the breadth of issues under consideration in this SIA Review, an appropriate definition of the “community” under consideration is important. In this instance, the “community” will be defined as the Kalgoorlie-Boulder LGA.

Figure 1: Map of Kalgoorlie Boulder



The City of Kalgoorlie Boulder is some 596 km 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 “Wongi” 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 Indigenous tribes, moved to Kalgoorlie, and now call it home. The early gold mining and pastoral activity 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 Kalgoorlie Boulder's 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 of the region driven primarily by the prices of gold, nickel and other commodities. Its population currently sits at 28, 422 (source: ABS 2006 Census Data) bringing it back in line with levels around the mid 1990s.

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

The Indigenous population of Kalgoorlie Boulder represents a slightly greater proportion than other areas within Australia (7.5% compared to 2.1%). These individuals live within the town or in the Aboriginal communities situated on the fringe of the town itself. These communities are profiled below.

Ninga Mia is situated immediately to the north east of Kalgoorlie and was originally established in the 1980s to provide transient Indigenous people who used to camp at Williams Town with more permanent accommodation. The community has a permanent population of around 40 to 50 with about 60 to 100 individuals moving in and out at any one time. About 15 students from the community go to the East Kalgoorlie Primary School. The community is on an Aboriginal Lands Trust (ALT) Reserve and the administration of the community is currently in receivership. Kalgoorlie Indigenous Housing Association (part of GEHA) is managing the houses. The future of this community is currently uncertain, with one option being that the ALT and the Department of Housing and Works (Town Reserves Program) may look to normalise Ninga Mia into local Shire and broader community planning.

Kurrawang Community is off the highway on the way to Coolgardie and is home to approximately 70 individuals (of which 29 are children) from a number of different language groups including Wongi, Noongars and Yamatji. Housing and facilities are in good condition, as is the school (Christian Aboriginal Parent Directed School), which educates children to grade 7.

Upurl Upurlila Nguuatja (Coonan) Community is a little further out of town to the south west and often acts as a refuge for people (especially women and children) escaping difficult situations in town. The permanent population is about 100 people, of whom about 40 were on the government's former CDEP program. Housing is an issue within the community, particularly in regard to quality and overcrowding. Current plans to move the site closer to the airport is seen as an issue for residents - bringing it closer to those "walking the wongi way" (flying in to get to the prison) and also closer to the ring road creating some traffic hazards. This community sees themselves to be in close proximity to the Super Pit's waste areas and operations on the south eastern side.

KCGM in the Community

Given the immense scale of KCGM's operations, the company has significant positive and negative environmental, social and economical impacts, both locally and further a field.

Currently KCGM employs directly or through its contractors 804 individuals (which represents approximately 2.8% of the total population, and including families of these individuals brings the estimated population impact to around 7.6%). The fact that the majority of these employees and contractors live locally (99%) is one of the major positive contributors to the local community from an economic and social perspective.

KCGM manages their community relations through a specific policy and corporate standards. The general themes of "*consider, communicate, contribute*" guide their programs and internal awareness training.

The 2004 SIA pointed to a relatively positive relationship with the local "community", with challenges in managing relations with Williamstown residents and Indigenous stakeholders highlighted. The history of the relationship with Williamstown residents is a long standing one described in detail in the Cooke Review, which was tabled coincidentally during the 2004 fieldwork, and through extensive local media coverage.

Currently, monitoring and tracking of actual impact data in safety and environmental areas, such as dust and emissions, takes place on an ongoing basis. Systems, policies and procedures are implemented and reviewed regularly to ensure continuous improvement across the company. Due to such management practices there has been significant improvement in both safety and environmental issues since the formation of the KCGM. These monitoring results are communicated directly to the local community via a number of methods.

A spatial diagram of these impacts is available in the 2004 SIA and has not changed considerably since that time other than some likely expansion of the tailings storage facility (TSF) and reduction in the Safety Exclusion Zone from 400 metres to 200 metres under the planned Fimiston Operations Extension. Further details on actual impacts are available in the body of this report and the 2004 spatial diagram is attached in Appendix 3.

However, the measurement of actual impacts on the surrounding community is not necessarily an accurate reflection of how the company is perceived by its stakeholders. It is important to regularly analyse the effects of perceptions, as well as actual impacts on the human environment, in order to understand the issues, plan future community relations





activities and improve overall transparency and communication. This review includes a statistically valid analysis of local perceptions and drivers.

KCGM is seen by participants in this review to bring economic security and confidence to the Kalgoorlie-Boulder community, to be a significant contributor to the local tourism and history as well as a significant employer of local people and supporter of local businesses. The super pit store has been a welcome addition to the town and improvements have been noted in air emissions (through the relocation of the Gidji roster out of town) and overall transparency of the company in recent times. The integration of KCGM's workforce into the community, its involvement and financial support to community events, groups and organisations is valued and appreciated by the local community.

There are noted environmental challenges with the operations, particularly its sheer scale ("*the giant hole in the backyard*"); noise, dust and vibration associated with blasting; and water use. Other negative impacts noted by the community include the impact of re-routing roads, the stalling of the loopline, some displacement of local residents over the history of the project, perceived restricted access for smaller miners and historical challenges in the relationships with adjacent landowners, the Williamstown residents and the local Indigenous community.

Lifecycle issues such as the Fimiston expansion, shortly followed by closure planning (with end of mine life estimated for 2017) will also bring a new set of challenges as KCGM's position in the community shifts considerably.

Details of community relationships and perceptions are included in detail in the following section and body of the report.



Methodology

This section summarises Q & A's approach to this SIA Review.

Management Workshop

Following an initial scope clarification, an internal workshop was facilitated with KCGM's management team and relevant internal department representatives. The purpose of this workshop was to clarify human rights breach risks, exposure and current performance, look at closure scenarios, internal communication processes and current thinking on future plans.

This workshop was facilitated on site by Q & A Director Danicia Dutry.

Secondary research into closure case studies

In planning for closure activity, there are a number of recent and historic case studies that can be used to provide insight into likely impacts of closure on a community with a similar economic profile and history to KCGM. Areas such as the coal mining districts in the south of Europe, Silver mining in the north of the US, gold mining areas of NSW, the Pilbara in WA and mining activities in Africa provide useful comparisons and lessons that are worth consideration. A brief investigation was done to develop four closure case studies for consideration (see Appendix 3). These investigations are not intended to provide a detailed comparison rather provide creative insights into closure planning ideas, community development and future performance indicators. The case studies allowed for the development of closure criteria or areas of consideration that work in with Newmont's Closure Planning Standard and as such the case studies are presented under these criteria.

Structuring the study

The 2004 SIA employed primarily qualitative research techniques that provided a significant amount of depth into understanding how or why stakeholders think a certain way and how they form their perceptions. In this study we used a quantitative methodology, which allowed us to test how far these perceptions are held across the community and quantify the importance and perceived performance across the impacts to develop priorities for the future. The quantitative process also allows for accurate performance tracking over time.

One of the greatest challenges in the scope of this SIA Review is the number of issues under consideration. Survey instruments were designed by Q & A and designed for comparison across stakeholder groups, to be tight in their structure and to feed appropriately into the analysis.

Kal/Boulder Residential and Business Community- Quantitative fieldwork

The main scoping component of the review was via a quantitative investigation across the Kalgoorlie Boulder residential and business communities. A representative sample size was achieved at the 10% confidence level and allowing for the development grid of a priority improvement matrix based on a statistically accurate model. It also allowed us to consider the feedback from specific groups of the population including a few Williamstown residents.

The final sample from the survey was 105 community residents and 50 businesses or government agencies. Synovate (formerly Market Equity) conducted the telephone interviewing based on Q & A's survey questionnaire.

This component of the study investigated:

- Proportion of different stakeholders' classification for mapping purposes
- Time of residence to look at openness and propensity to change
- Reason for living in the area to look at level of employment drivers and community assets
- Importance ratings of attributes to look at developing the priority improvement matrix based on those impacts of high priority to this community
- Performance ratings of attributes to look at KCGM's performance in managing priority impacts.
- Attitudes to closure (rating and open) to look at perceived level of concern and suggestions for the future
- Feedback on communication initiatives to feed into performance measures
- Feedback on EA activity initiatives to feed into performance measures

In addition local businesses and agencies were asked a question relating to their level of reliance on KCGM including annual turnover and % of business sourced directly or indirectly from KCGM.

An appropriate distribution of gender and age profiles amongst respondents was achieved and the data was weighted accordingly. In terms of stakeholder category breakdown, respondents (business and residential) identified themselves as follows:

- 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 tourism industry
- 2.6% were a member of a local environmental organisation
- 2.6% were Williamstown residents; and
- One (1) person was a member of KCGM's CRG
- 18.2% did not identify with any of the above categories.

Employees or contractors of KCGM were excluded from the telephone survey as they were captured directly via the online webform (see below).

Indigenous Stakeholders

Given it was unlikely that we would pick up a large enough Indigenous sample in the telephone survey to complete the appropriate analysis, we used a separate methodology by conducting 19 Indigenous interviews face to face. This allowed us to access stakeholders that may not be readily available by phone such as community members and claimant holders who may live outside the community. We used our Indigenous interviewing partner Northern Edge for this component of the work.

We achieved a fairly representative sample of Indigenous respondents with fifty-eight (58%) being male and 42% female. The age distribution of Indigenous respondents was 15.8% in the 20-35 years age bracket, 31.6% between 36-45 years, 42.1% between 46-55 years and 10.5% were aged over 55 years.



Respondents were from a variety of language groups and agencies. Respondents included representatives from the Indigenous Employment Centre, Jims Weeds and Seeds, GEDC, Wangkarryl Ngurra Aboriginal Corporation Language Centre, Department of Indigenous Affairs, Indigenous Coordination Centre, Department of Corrective Services, Upurl Upurlila Ngurratja Inc (Coonan), Karrawang, KCGM employees, Goldfields Land and Sea Council and CDEP. Unfortunately given the co-ordinators of Ninga Mia were away from town at the time of the study and the community was facing significant challenges at the time, no representative from Ninga Mia was included directly in this review.

State Agency – DOIR, DIA and DPC

We also conducted 3 in-depth interviews with the key government agencies to ensure these perspectives were covered in detail. These interviews were with representatives of Department of Industry and Resources (Environment and Land Access), Department for Indigenous Affairs and Office of Development Approvals Coordination.

Community Reference Group

In addition, a facilitated workshop was conducted with KCGM’s Community Reference Group to gauge how well the reference group perspectives matched the sentiment in the broader community and also to receive feedback from this group who have been intimately involved in the consultation and planning processes.

Internal Stakeholders – online questionnaire

An online questionnaire was also included in the methodology to provide feedback on internal communication processes and internal perceptions around performance and importance attributes to compare to the broader community attitudes. This was sent to employees and contractors via the internal email system and advertised on the front page of the Intranet. Operational staff were captured directly using KCGM CR resources. A total of 143 responses were received from an appropriate cross section of the organisation including mining, engineering and geology (23.1%), open pits and crushing (18.9%), accounts/admin/HR (13.3%), HSEC (7.7%), maintenance (7.7%), Gidji (7.7%), Fimiston (5.6%), drill and blast (4.1%). Nine (9.1%) percent did not state their area or department and 2.8% were contractors. The bulk (59.3%) of internal respondents were from the 20-35 year age group, with 5.7% under 20 years and about one third (34.0%) over 35 years. Approximately one third (31%) of internal survey respondents were female –a slightly higher representation than in the actual workforce profile, with the remaining 69% being male. These responses are statistically valid and have been considered as such.

Analysis

All quantitative and qualitative feedback was collated, graphed and analysed by Q & A. This process used statistical tabulation, analyse of qualitative themes and reporting.

In addition to the absence of Ninga Mia representatives in this study, another weakness in the methodology was highlighted in the stakeholder mapping exercises. This was the absence of adjacent landowners from the study. It is recommended that these individuals be included in future reviews.

