

Wesfarmers

YEAR

06

Social Responsibility Report

www.wesfarmers.com.au

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Cover Planting seedlings on Yarrabee in Western Australia's South West, part of our engagement with the Great Southern Arc project (see pages 10 and 11).

Welcome

It gives me great pleasure to welcome readers to this our ninth report dealing with the way we handle issues which lie outside the traditional financial indicators primarily used to assess corporate performance.



But in saying that I cannot emphasise too strongly the very direct linkage between outcomes in the areas covered by this report and the achievement of business success.

If a company does not demonstrate the same sort of commitment to meeting broad social obligations as it does to its financial objectives, it runs a real risk of jeopardising its chances of achieving the returns shareholders are entitled to expect.

Respect for the environment, a caring and responsible approach to environmental interaction, workplace safety, respect for employees, customers and suppliers and a willingness to contribute to the community above and beyond the creation of wealth and employment opportunities have for some time been seen as bellwethers of corporate social responsibility. There is absolutely no doubt that this focus will increase as investors, employees, regulators and the community at large seek reassurance about the moral and ethical underpinnings of business conduct.

So it can truly be said that there is a sound business case for both setting high standards in and reporting on these aspects of corporate life. Our challenge is to live up to those standards and to continually improve the way in which we account for that performance.

The Year in Review

We were very pleased that our 2005 Social Responsibility Report was named equal best occupational health and safety report by the judges of the 2006 Australasian Reporting Awards.

We've taken an important step towards further improving the report this year with the application of the AA1000 Assurance Standard. This has involved a business-unit-by-business-unit assessment of our major sustainability-related issues, the way in which relevant policies are brought to bear in those areas and a comprehensive internal and external stakeholder engagement process. I am sure this will have beneficial impacts as we progress our sustainability agenda.

While this has not been a headline-grabbing year in terms of new developments in the environmental field, good progress was made on a number of fronts. Bunnings' efforts in driving pursuit of better outcomes in water and energy usage, waste stream management

and supply chain verification are an example for others in the retail sector. Recognition of Premier Coal's innovative achievements with respect to mine site rehabilitation continued when the mine won the Golden Gecko award for environmental excellence.

As the climate change debate continues to engage the community and policy makers, our coal businesses are part of a broader industry initiative known as the Coal21 Fund which will provide up to \$300 million over five years to develop technology aimed at reducing greenhouse gas emissions from coal-fired power stations.

We were willing participants during the year in the Carbon Disclosure Project under which companies were invited by major investors to supply details of greenhouse emissions and other aspects of their approach to climate change issues.

Our contribution as a trial company under the federal government's Energy Efficiency Opportunities programme has been recognised and along with other major energy users we now face the challenge of coming up with efficiency initiatives as required by the new legislation. We will certainly be looking at this task in a positive way because we accept that a greater focus on energy should deliver beneficial outcomes for the environment and for our company.

On safety, it is disappointing to have to report that we lost ground during the year. Both the number of lost time injuries and the Lost Time Injury Frequency Rate increased on the previous 12 months. The continuation of that trend is not acceptable and to this end we have strong initiatives in each business to focus employees on their responsibility for workplace safety.

Our community contribution programme continued at a significant level. During the year we directly and indirectly passed on more than \$5.9 million dollars to community-benefiting organisations across Australia and New Zealand. This includes an important new partnership with the Great Southern Arc project, which is featured in this report.

The Future

During the course of the coming years we will take steps to further integrate the concept of sustainability across our very diverse range of businesses. That diversity does present particular challenges as it is not a case of a one-size-fits-all model but we do need to develop a way of making sustainability more relevant by embedding fundamental principles at all levels in the Group.

It goes without saying that we would very much welcome your comments on this report. That can be done by sending back the easily-detachable and reply-paid feedback form in the back cover or by making comments through our website.

In closing, I sincerely thank everyone who works for Wesfarmers for their efforts in pursuit of the goal of sustainability. It isn't easy to maintain and improve this performance but without dedication and vigilance in the areas covered by this report we can't expect, and frankly don't deserve, to maintain the success of our great company.

Richard Goyder
Managing Director

About this report

Extent of coverage and methodology are important factors in assessing reports of this kind.

TIMING

This report covers the financial year ended 30 June 2006. In a few cases, where there have been developments subsequent to the end of the reporting period, but prior to the printing deadline, we have included this information to make the report more time relevant.

WHAT WE COVER

All wholly-owned and operationally-managed businesses as at 30 June 2006 are included. The Insurance division reports less extensively than the other major contributing business units because of the nature of its operations. Energy Generation is also covered in an abridged format given its relative materiality within the whole Group.

We continue to report in the Other Businesses section on progress in remediation of site contamination arising from the activities of our Sotico subsidiary, the last operating assets of which were sold in August 2004. We also report on work being done to address contamination linked to the operations of our former road transport business.

There is information also on the 40 per cent-owned Air Liquide Western Australia which we manage. Brief reference is made to other businesses with which we are associated – the Bengalla coal mine, Wespine plantation softwood sawmill and the Queensland Nitrates ammonium nitrate plant. As we do not directly manage these operations we do not attempt to report on them. In all cases we provide links to websites for readers wishing to find out more about their activities. The Australian Railroad Group no longer appears in this section following its sale in June 2006.

SAFETY DATA

Readers will notice on the safety performance graphs a reference to statistics being for the year to 30 June but “as at 30 September 2006”. This is because we adjust the numbers to take account of workers compensation claims lodged, or lost time that has been reported, up to 30 September relating to injuries sustained in the financial year under review, thus allowing for delayed impacts. It can mean that the numbers reported for a particular year have to be changed in subsequent reports.

The basis for calculating our main safety performance indicator – the Lost Time Injury Frequency Rate (LTIFR) – is outlined in the glossary on the inside back cover.

LTIFR numbers now include contractors unless otherwise specified in the reports of the individual businesses. Where it is possible to calculate an LTIFR for contractors – that is, where there is regular engagement and hours worked are available – the business is required to include this information.

GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions information contained in this report is generally based on calculations done in accordance with the Australian Greenhouse Office (AGO) Factors and Methods Workbook December 2005 version. Readers should note that some of the AGO's emissions factors have changed from time to time and, accordingly, year-to-year changes in emissions data may in part be due to this rather than a change in the performance of a business unit in relation to greenhouse gas emissions.

We have used average emission factors for New Zealand of 0.2466 kg CO₂/kWh and 52.8 kt CO₂/PJ for electricity and natural

gas consumption, respectively, and an emission factor of 0.960 kg CO₂/kWh for electricity in Bangladesh.

Further information is available at www.greenhouse.gov.au.

REPORT PREPARATION

Data collection and report drafting is the responsibility of business unit environmental, safety and community relations representatives who are part of a Working Group convened by our Corporate Office. Drafts were reviewed by the Corporate Office prior to detailed discussions with the contributing authors. This process ensures that ultimate ownership of the report lies with the business units.

INDEPENDENT ASSURANCE

The report's accuracy and completeness is critically important and every effort is made to ensure that all statements are properly authenticated.

After the discussions referred to above and a final draft agreed, the business unit representatives were required to compile detailed checklists linking report content to documented source material or employee sign-off.

Representatives from our Corporate Solicitors Office and Group Risk Management department then conducted sample verification checks through site visits and desktop audits and prepared reports for senior management.

The internally-verified reports, signed off by the authors and senior management, were provided to assessors from URS Australia Pty Ltd. URS was engaged this year to conduct an independent assurance process using the AA1000 Assurance Standard, including a formal internal and external stakeholder interview process – covered in more detail later in this section – and a review of policies relevant to a broad range of sustainability issues. The businesses and our Corporate Office were also required to nominate their main sustainability issues and these can be found on page 5. It is relevant to note that in its June 2006 report the federal parliament's Joint Committee on Corporations and Financial Services recommended that companies disclose their top five sustainability risks. The URS Assurance Statement is published on page 98. URS also provides a detailed report to management on its assessment of the reporting process.

Final sign-off by divisional managing directors followed the external independent assurance process.

AUDIT COMMITTEE

Board oversight of this report is delegated to the Audit Committee which gave approval before publication.

FORMAT

The format aims to increase the transparency of the document by requiring businesses to report under standardised headings. Occasionally items may not fit entirely logically under these classifications, but we believe the layout enables readers to more easily make cross-business comparisons. Not all of the categories appear in all of the reports. This means either that the heading is simply not applicable to a specific operation or that a business is unable to supply the necessary data. Gaps are thus identified and the businesses concerned are encouraged to consider whether these can be closed.

COMPLETENESS

We do not claim that this report provides 100 per cent coverage of our safety, environmental and community relations performance. Any gaps in our knowledge will be reduced as our systems improve. This document is a best endeavours attempt to report openly and honestly based on our current state of knowledge.

GLOSSARY

Within each separate report we aim to eliminate as much jargon and technical terminology as possible and to spell out the names of organisations when they are first mentioned. A general glossary can be found on the inside back cover.

WEBSITE

The full report is available on our website at www.wesfarmers.com.au. Additional hard copies can be obtained from the Public Affairs Department on (61 8) 9327 4251.

FEEDBACK

Please help us improve the report by sending your comments either on the form attached to the inside back cover or through the website.

STAKEHOLDER ENGAGEMENT

As mentioned by the Managing Director and above, a new feature this year has been the inclusion of a comprehensive stakeholder engagement process as part of the application of the AA1000 Assurance Standard.

With our sector and geographic diversity we could have opted to confine such an exercise to only a sample of the businesses covered by this report. Instead we chose to include all the main reporting businesses, as well as our parent company, in order to get as broad as possible a feel for the internal and external perceptions of both our sustainability performance and the way in which we report on it.

The research was conducted by URS. Eighty-six stakeholders were identified and invited to participate with 75 agreeing to be consulted. The responses of the 39 external and 36 internal stakeholders were found to be generally consistent.

On performance, URS has reported that the stakeholders acknowledged "the challenges Wesfarmers faces with regards to sustainability due to the diversity of its businesses". It concluded that the company's record was good, with economic performance rated highest, environmental and social performance rated similarly well, but below economic performance and the greatest opportunity for improvement was seen to lie in what was described as "integrated sustainability". Several key sustainability opportunities were consistently highlighted – product development, occupational health and safety, resource use efficiency and supply chain management. The 'risk' factor was mainly identified as being a consequence of not pursuing such opportunities.

On perceptions of the 2005 Social Responsibility Report itself, URS found:

"The majority of stakeholders felt that Wesfarmers' report was transparent and accurate in its reporting of the organisation's performance. They felt it was mid-way between 'initial' reporting and 'advanced', was easy to navigate, made good use of graphics (although more could be included) and was comprehensive. Independent verification was seen as important and the majority of stakeholders surveyed said they referred primarily to the hard copy version of the report."

Areas for improvement included discussion/textual information with a number of stakeholders expressing concerns over the length of the report, data and indicators. There was particular interest in seeing further indicators developed to depict social and economic performance. Internal stakeholders supported a more flexible reporting template to better cover business-specific issues and to ensure that all identified issues were covered appropriately.

We rated well on the three principles underpinning inclusivity – materiality, completeness and responsiveness, particularly with regard to environmental and social performance. More work was seen to be needed around disclosure of economic impacts and the 'integrated sustainability' factor referred to above.

URS has given us a very detailed report summarising the research and containing 14 recommendations. The report has been provided to all the business units involved in the stakeholder engagement process and to senior executives at our Corporate Office. It will also be used by URS as a basis for assessing the 'responsiveness' of Wesfarmers against the requirements of the AA1000 Assurance Standard used in this year's broader independent assurance process. And it will provide a valuable resource in the ongoing development of our approach to sustainability issues and the reporting process.



Aerial visitors to the Curragh mine, Blackwater, Queensland.

Sustainability scorecard

A look at our performance using indicators linked to the three key aspects of sustainability - economic, environmental and social.

The detailed business unit reports that appear later in this document contain a great deal of information about environmental, safety and health performance and community interaction.

This section provides a Group-wide summary of many of the sustainability-related issues and challenges relevant to our very diverse structure and we aggregate some key data to provide readers with an overall view of where we stand. There is a brief reference to some of our economic impacts and outcomes which are dealt with in much greater detail in the company's Annual Report for 2005/2006 available on the website at www.wesfarmers.com.au.

Economic

We are one of Australia's largest public companies with our head office in Perth, Western Australia. In 1984 we listed on the Australian Stock Exchange, having begun as a farmers' cooperative in 1914.

Our major operating business interests are in coal mining; gas processing and distribution and power supply; home and garden improvement products and building supplies; insurance; industrial and safety products distribution; and chemicals and fertilisers manufacture.

In the year to 30 June 2006 our company recorded a net profit of \$869 million, excluding the sale in June of our rail freight joint venture, the Australian Railroad Group. At the end of the reporting period we had a market value of \$13.4 billion. Some of the Group's significant financial performance indicators are summarised below in Figure 1.

Our operations have a significant impact on the economies of Australia and New Zealand. Major payments included more than \$1 billion in salaries and wages to employees, our shareholders received more than \$812 million in dividends and we paid almost \$600 million to governments at all levels.

More than 90 per cent of our revenues and earnings are derived from our Australian operations. We are not required to report separately on the financial outcomes of our New Zealand activities.

We are one of 18 Australian companies selected for inclusion in the Dow Jones Sustainability World Indexes (DJSI World) for 2006.

Figure 1: Group Financial Indicators (\$)

Net sales	8.8 billion
Cost of goods, materials and services purchased	6.2 billion
Payments to employees	1.1 billion
Dividends paid to shareholders	812.8 million
Interest paid on borrowings	133.8 million
Income tax and other payments to governments	599.5 million
Increase in retained earnings	318 million

This covers the top 10 per cent of the 2,500 biggest companies in the Dow Jones World Index in terms of corporate sustainability after assessment against economic, environmental and social criteria. We have also been awarded 'Best of Class' status by Storebrand Investments based on our environmental and social performance and have been included in the RepuTex Social Responsibility Investment index.



Environmental

Mention has been made earlier in this report and in previous years of our extremely diversified structure, both with respect to sectors of operation and a geographical spread across Australia and New Zealand. This gives rise to a potentially very wide range of environmental issues and is the reason our Group environment policy requires business units to develop policies and procedures relevant to their particular circumstances. All such policies have to take account of our overarching guideline which commits the company to "placing strong emphasis on protection of the environment".

Bunnings continues to implement its plastic bag levy designed to combat the environmental impacts of these potentially destructive objects. We estimate that more than 66 million fewer bags have been supplied than would have been issued had it not been for the introduction of the levy in September 2003. And more than \$166,000 has been donated to the Keep Australia Beautiful Council in support of its 'Clean Site' programme. Stores offer customers more readily recyclable containers as alternative to plastic bags and more than 1.5 million reusable bags have been sold at cost since this industry-leading initiative came into operation.

Bunnings' focus on water-saving saw the installation at a further 31 sites of waterless urinals and of underground storm water storage tanks at its Belconnen warehouse in the Australian Capital Territory. Overall, Bunnings estimates it has reduced consumption by about 10 per cent or 77 megalitres as a result of actions like this.

Premier Coal added the Golden Gecko award for environmental excellence to recognition it has previously received for mine site rehabilitation programmes. Our chemicals and fertilisers business, CSBP, continued its major contamination remediation programme at a former fertiliser manufacturing site in the Perth suburb of Bayswater with the removal during the year of about 56,000 tonnes of soil.

In the absence of special purpose requirements, all 'tool of trade' Group-supplied passenger cars must be suitable for liquefied petroleum gas use because of its environmental benefits over petrol and diesel. We have been encouraged by recent federal and state government initiatives to subsidise the cost of converting vehicles for LPG use which should lead to a very significant uptake in the use of this fuel. Our Kleenheat Gas business also made progress in expanding the market for liquefied natural gas (LNG) in the heavy duty vehicle and remote power generation sectors. In September 2006 we announced a decision to spend up to \$138 million on the construction of a 175 tonne-per-day LNG plant at the Wesfarmers LPG site at Kwinana and on distribution infrastructure and two remote area power stations. This project, scheduled for commissioning in early 2008, will greatly expand the availability of LNG as an alternative fuel in Western Australia.

Sustainability Issues

Corporate

- Continued good management of the entire business to ensure ongoing financial success, without which nothing is sustainable
- Ethical conduct and reputation enhancement
- The decent treatment of employees with respect to remuneration, health and safety and the provision of a non-threatening and non-discriminatory workplace
- Effective and transparent stakeholder relations/communication with a broad range of parties including shareholders, employees, financial analysts, financial media and special interest groups
- Active pursuit of corporate social responsibility goals through, amongst other things, a significant community contribution programme and respect for the environment

Bunnings

- Community trust regarding product quality and sourcing
- Workplace safety
- Natural resource use
- Waste and emissions
- Customer education on sustainability
- Community support

Curragh

- Water use and quality
- Local community
- Land management
- People, safety and skills
- Greenhouse and the broader environment

Premier Coal

- Maintaining an ISO 14001 environmental management system to cover all aspects of the operation
- Maintaining a safe working environment assisted by a Safety Management System based on risk assessment and a target of zero accidents or injuries
- Sound resource management practices including forest, land, coal recovery, energy and other consumables and waste and to leave a positive legacy assisting environmental, social and economic diversity
- Striving for continual improvement in all aspects of our business to deliver an ongoing economic operation and security of supply to customers while maintaining environmental and social integrity
- Providing strong community linkages and effective stakeholder consultation by consideration of their concerns, needs and aspirations

Kleenheat Gas

- Safe supply, storage, distribution and use of LP Gas products and services to our customers
- A compliance programme promoting business practices, conduct, accountability and ethics
- An efficient business through effective training of employees, contractors, customers and business partners
- Energy use, particularly transport efficiency
- Development and market expansion of the use of LPG and LNG as alternative fuels
- Staff wellbeing, health and workplace safety

Wesfarmers LPG

- Long term supply of LPG to operate economically
- Compliance with regulatory authority requirements to operate
- Ensuring a safe work environment for all employees, contractors and visitors
- Workplace respect, integrity, health, safety and wellbeing
- Good corporate citizenship and community awareness of our operations

Industrial and Safety

- Management of consumption of energy and emission of greenhouse gases
- Consideration of health, safety and environment issues in relation to the purchase of materials, equipment and products
- Customer-chain sustainability, culture change and public health
- Workplace respect, integrity, health, safety and wellbeing

CSBP

- Water supply and emissions management
- Agricultural nutrient management research, Nu Logic and soil/plant testing
- Economic development
- Community support and engagement
- Legacy wastes

Insurance

- Good corporate citizenship and community investment
- Workplace respect, integrity, health, safety and wellbeing
- Corporate governance, capital adequacy and risk management
- Potential climate change impacts and management of our own greenhouse footprint – electricity, fuel and recycling
- Succession planning, leadership development and corporate culture

Figure 2: Greenhouse Gas Emissions (CO₂-e Tonnes)

CSBP	1,340,861
Curragh	792,357
Energy Generation	184,557
Bunnings	168,859
Wesfarmers LPG	144,418
Premier Coal	71,611
Industrial & Safety	29,781
Kleenheat Gas	16,297
Insurance	5,020
Group Total	2,753,761

Figure 3: Energy Use (gigajoules)

CSBP	10,637,982
Curragh	2,937,764
Energy Generation	2,587,241
Wesfarmers LPG	2,013,401
Premier Coal	747,620
Bunnings	574,824
Kleenheat Gas	208,267
Industrial & Safety	170,275
Insurance	39,148
Group Total	19,916,900

Figure 4: Water Consumption (megalitres)

Curragh	3,388
CSBP	3,128
Bunnings	782
Premier Coal	557
Industrial & Safety	81
Wesfarmers LPG	25
Group Total	7,961

GROUP ENVIRONMENTAL INDICATORS

Data collection systems and therefore ability to report on indicators of environmental performance are not uniform across the Group. The mining and manufacturing operations are clearly much better placed in this respect because of requirements to comply with licence conditions. What we are able to report upon in key areas is summarised below.

GREENHOUSE GAS EMISSIONS

As mentioned previously, we have based our measure of greenhouse gas emissions on Australian Greenhouse Office methodology.

Total direct and indirect greenhouse emissions for the Group in 2005/2006, converted to carbon dioxide equivalents, were estimated at about 2.75 million tonnes (see Figure 2). This was 172,398 tonnes above emissions reported last year and compares with 2.2 million tonnes in 2003/2004. As explained last year, the Group number contribution from the Energy Generation remote power supply business relates to emissions from power stations built, owned and operated by that business.

ENERGY USE

Total estimated energy use for our Group in 2005/2006 was 19.9 million gigajoules, an increase of about 1.3 per cent on last year. Higher usage was reported from the coal mines due to increased production but consumption was marginally down at one of the other big users, CSBP. Consumption from Energy Generation is included on the same basis as for greenhouse gas emissions. Business-by-business usage is summarised in Figure 3.

WATER CONSUMPTION

Estimated use of scheme and bore water totalled 7,961 megalitres (see Figure 4). This figure is incomplete as it excludes water used by our Kleenheat Gas business because many of its operating sites are leased and no adequate measure is available. The Insurance division, which is a low water user does not measure consumption. Also, as was the case last year, this total does not include recycled water used at the Curragh operations because of unreliability of measurement. Last year's estimated total group consumption was 7,690 megalitres.

WASTE

Waste generation data is also incomplete. Kleenheat Gas and Insurance do not measure solid or liquid waste. Liquid waste for these businesses and for our Industrial and Safety division is confined mainly to vehicle oils which are collected during servicing. Bunnings does not measure liquid waste volumes which are generated from food preparation in cafes, drainage from bin storage areas, infrequent washdowns of small hire equipment and rinsing water-based paint brushes. The total liquid waste figure includes discharges at CSBP's Kwinana complex only due to the difficulty of separating waste flows from other liquid streams, such as rainwater, at other locations.

With these significant qualifications, we estimate total solid waste at 543,326 cubic metres (compared with 340,413 last year) with liquid wastes of 727,381 kilolitres (1,086,588 kilolitres in 2004/2005). The big reduction was due mainly to a 33 per cent fall in volumes from CSBP's Kwinana complex, the reasons for which are given in its section of the report.

NON-COMPLIANCE/PROSECUTIONS

We are not aware of any significant non-compliance with environmental regulations or any prosecutions relating to environmental issues during the year.

At CSBP, 33 potential non-compliances were reported to the Western Australian Department of Environment (DoE). The DoE has advised that no further action will be taken in respect of 32 of these and one remains under consideration. The six matters outstanding referred to in last year's report remain under consideration.

Details of these matters and any other contact from regulators with our businesses on environmental issues are contained in their reports.

NATIONAL POLLUTANT INVENTORY (NPI)

All our Australian businesses that are required to report under the NPI mention this in their sections. Full details are available on the NPI website www.npi.gov.au but we have included reference to

Figure 5: Environmental Expenditures (\$)

CSBP	6,399,977
Curragh	5,047,170
Premier Coal	628,365
Sotico	189,699
Kleenheat Gas	110,478
Wesfarmers LPG	77,000
Group Total	12,452,689

some of the more significant emissions in the relevant business reports to give readers an idea of the scope of this issue.

ENVIRONMENTAL EXPENDITURES

Last year we provided information on direct environmental expenditures (including salaries and specific project expenses) by those of our businesses for whom these outlays are significant. In 2005/2006 this amounted to almost \$12.5 million (see Figure 5) and includes also spending on remediation relating to the former activities of the forest products business.

CONTAMINATION

Remediation of site contamination is an issue for some of our business units and details are provided in the relevant individual reports. The most significant of these involve our CSBP chemicals and fertilisers business and the former forest products operations of Sotico. Financial provision has been made to cover the estimated cost of these activities.

CSBP is engaged in remediation of a former fertiliser site at Bayswater in Western Australia and of an ammonia/arsenic groundwater plume at its Kwinana site. In the case of Sotico, impacts of timber treatment plants at Pemberton and Manjimup are the focus of our efforts. Kleenheat Gas provides information in its report on remediation arising from former retail fuel sites. The ongoing Sotico remediation projects and work in progress at locations once used by our former road transport business are covered in more detail in the Other Businesses section on page 97.

Social

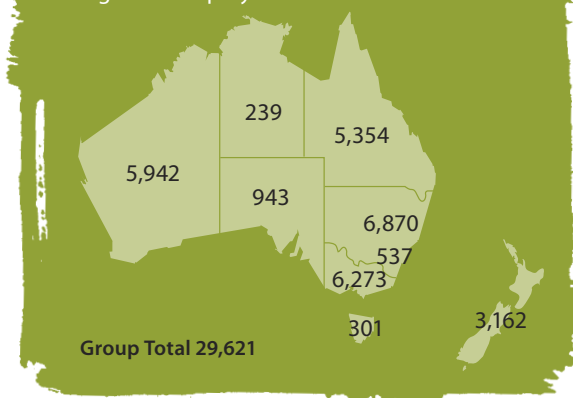
OUR PEOPLE

We are a major employer with more than 90 per cent of our 30,000-strong workforce located in Australia and the balance in New Zealand (see Figure 6). A liquefied petroleum gas import terminal and distribution facility in Bangladesh, operated by a joint venture in which we are the majority partner, employs about 60 people. This year we paid out \$1.1 billion in salaries, wages and other benefits.

We recognise the right of those we employ to negotiate individually or collectively with or without the involvement of third parties. We estimate that 68 per cent of our people are covered by some form of collective agreement. We do not keep records of trade union membership. Our company believes in maximising the flexibility of arrangements available to employees and their managers. For this reason we support the changes to legislation covering workplaces introduced by the federal government. Some use is currently made of Australian Workplace Agreements, but as mentioned above, most employees are engaged under other arrangements and that is likely to continue to be the case.

At the end of the year under review, 85 per cent of permanent employees held shares in the company with a take-up rate of 98 per cent among eligible employees for the share scheme during the year. Gender diversity remains an important issue.

Figure 6: Employee Distribution



Around 43 per cent of our employees are women as are about 14 per cent of the occupants of the 800 most senior positions in the company, including management and senior professionals. At year's end there were two female members on our 11-strong Executive Committee. One male member of the Committee resigned from the company in September 2006 and five new male members were appointed.

We have policies which apply across the Group aimed at ensuring that each person has equal access to employment and the benefits of employment are based on the principle of merit. Each business unit is required to complete an annual report to the Equal Opportunity for Women in the Workplace Agency. These reports outline strategies implemented to enhance the representation of women in our businesses.

Given our autonomously-operating business unit structure, training is one of the issues within the direct responsibility of business units. But certain human capital development processes apply across the Group. These include remuneration of senior people, workplace discrimination and succession planning. During the year, new procedures were introduced to identify and develop talent and for assessing performance. Under the new more collaborative arrangements more than 100 of the company's most senior employees will have their progress monitored as part of their personal development and the Group's wish to retain key people.

Every two years or so we conduct a major conference at which senior managers from across the Group come together to discuss

Figure 7: Lost Time Injury Frequency Rates

Business Unit	04/05	05/06
Bunnings	11.8	12.4
Curragh	2.9	4.9
Premier Coal	18.1	6.6
Kleenheat Gas	1.4	0.7
Wesfarmers LPG	0.0	0.0
Industrial & Safety	4.3	5.1
CSBP	3.9	5.9
Insurance	1.8	2.9
Energy Generation	0.0	0.0
Corporate	0.0	0.0
Group	9.0	9.6

a broad range of issues with input from external and internal speakers. The seventh Best Practice Conference was held in September 2006 with its theme 'Sustainable Success - Integrity, Innovation and Implementation'. More than 250 senior managers attended and among the contributors was Professor Christopher Bartlett of the Harvard Business School who was also a keynote speaker at the 2004 conference.

We have a Code of Ethics and Conduct that covers employee behaviour and while business units may adopt standards that best match their activities, they must embody the principles laid down in the Group Code, which is available on our website. The Group Code was amended during the year to make sure it adequately addressed issues relating to payments to facilitate transactions in overseas jurisdictions. The Code also contains a specific provision to protect whistleblowers.

SAFETY

Workplace safety is one of our highest priorities. We believe we have an obligation to do all we can to ensure the safe return from their job of everyone who works for our company. Part of the remuneration of our managing directors and some of those who report to them is linked to the achievement of safety targets.

We have a Group target of reducing accident rates by 50 per cent each year towards a goal of zero. The primary measure we apply is the Lost Time Injury Frequency Rate (LTIFR) which is explained in the Glossary section at the end of this document.

As our Managing Director noted in his introduction to the report, there was regrettably a deterioration in the Group's overall safety performance, as measured by the LTIFR. For the reporting period, the Group LTIFR was 9.6, up seven per cent on the nine for the previous corresponding period. There were 42 or 12 per cent more lost time injuries over the period. Total working hours increased from 39,999,591 to 41,750,556 or four per cent during the year. As mentioned earlier in the report, safety data is adjusted to include time lost between 30 June 2006 and 30 September 2006 relating to injuries occurring before the end of June.

On a business-by-business basis, Wesfarmers LPG and Energy Generation did extremely well in maintaining their zero LTIFR and Premier Coal improved markedly from 18.1 to 6.6. Details of individual business safety outcomes are found in Figure 7.

There were no fatalities during the year.

While the LTIFR remains the main Group-wide measure of safety performance, operating businesses are encouraged to use a range of broader measures to promote a more pro-active approach and support a culture of safe work practices. These include statistics on all injuries, near misses and restricted work cases. Full details are available in their individual sections.

NON-COMPLIANCE/PROSECUTIONS

Bunnings pleaded guilty and was fined \$30,000 with no conviction recorded as a result of a prosecution brought by Queensland Work Health Standards relating to an injury suffered by a customer at the Compton Road store in 2004. In August 2006, Bunnings pleaded guilty to a charge brought by WorkSafe Victoria relating to a January 2005 incident at the Thomastown store and was fined \$25,000 with no conviction recorded.

Details of other contact from regulators with our businesses regarding compliance on health, safety or consumer issues are contained in their reports.

GOVERNANCE

In our Annual Report (available at www.wesfarmers.com.au) we provide a very detailed account of the governance structure of Wesfarmers Limited. At the end of the reporting period, there were 12 males and one female on our Board, 10 of whom (including the Chairman) were non-executives. One of the non-executive directors, Mr Trevor Flugge, resigned in July 2006 and with the resignation from the company in September 2006 of an executive director, Mr David Robb, the Board reduced in numbers to 11, including two executive directors.

The Board has adopted a Charter which requires it to have a majority of non-executive independent directors, a non-executive independent Chairman and to have different people filling the roles of Chairman and Chief Executive Officer. The Board considers that eight of the directors are independent.

Two standing Board Committees (Nomination and Remuneration; Audit) review matters on behalf of the Board and make recommendations. The Nomination and Remuneration Committee is responsible for the review of Board performance. Every second year the performance of the Board and its committees is evaluated through feedback obtained from the completion of a detailed questionnaire by the directors.

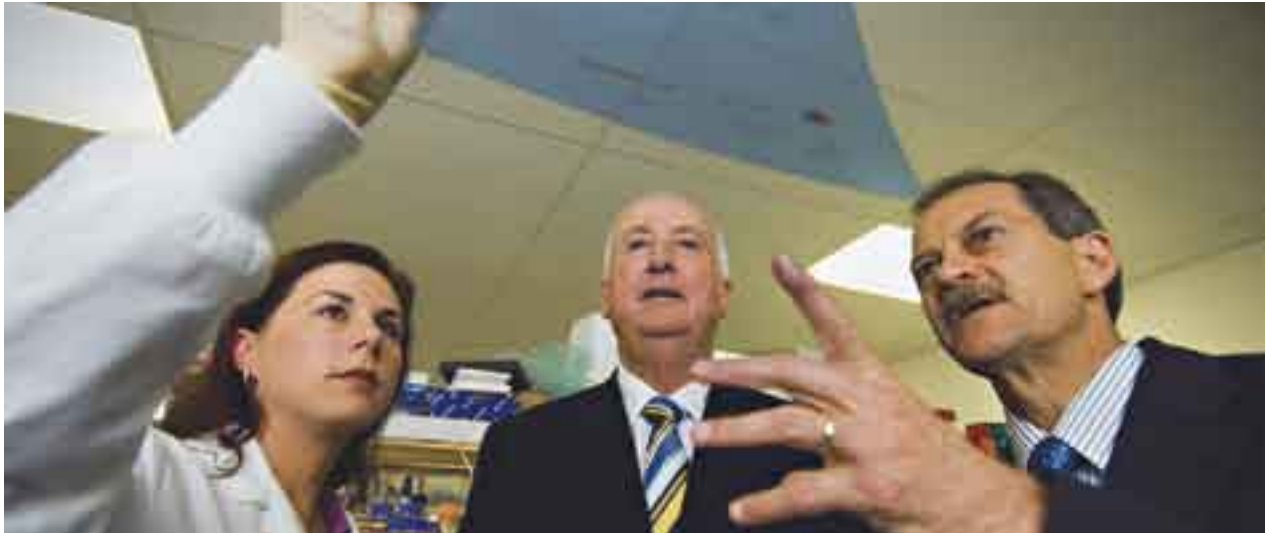
The Board approved a new Market Disclosure Policy in February 2005 which covers announcements to the Australian Stock Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analyst briefings, media communication and other issues.

COMMUNITY CONTRIBUTIONS

Without doubt, the greatest contribution a company can make to the overall betterment of the community is to go about its business in a way that leads to sustained financial success, combining its material assets and the skills of its people with the social responsibility considerations mentioned by our Managing Director in his welcome to this report. When that happens, benefits flow all round with good returns to shareholders (about 150,000 in



Professor Christopher Bartlett of the Harvard Business School at the 2006 Best Practice Conference.



Research Fellow Dr Kristen Nowark, Western Australian Institute for Medical Research (WAIMR) Chairman Dick Lester and Director Professor Peter Klinken at WAIMR laboratories, Nedlands, Western Australia.

our case), job creation and retention, the provision of services the community needs and positive flow-on effects in the economy through purchases and the payment of taxes to governments. On top of that, however, we have always believed that there is an obligation on companies to make some direct contribution to society in other ways.

We provide assistance through Wesfarmers Limited, the parent company, and the businesses we own and operate also provide sponsorships and make donations. Apart from direct financial assistance there are in-kind contributions from the businesses and often their employees are involved in fund raising activities. More than \$5.9 million flowed to community-benefiting organisations and causes in the 2005/2006 year from donations and sponsorships from all sources in our group (see Figure 8).

In addition, Bunnings contributed to the raising of another \$3.2 million for charities and other community organisations through the use of its stores to promote these causes - about half of it as a result of community group sausage sizzles - and the efforts of its employees.

Under a policy approved by the Board, Wesfarmers Limited makes donations up to an annual ceiling of 0.25 per cent of before-tax profit. In deciding how to distribute these funds, we usually give preference to organisations and causes with broad community-benefiting reach. Medical research and education are examples of areas we have consistently supported.

The work being done by Professor Fiona Stanley's Telethon Institute for Child Health Research has benefited from our support in recent years and we have a major ongoing commitment to the Comprehensive Cancer Care Centre being established at St John of God Hospital in Western Australia.

One of our most productive partnerships has been with the Western Australian Institute for Medical Research (WAIMR). Our support of \$5 million over five years enabled this organisation to begin its work in 1998 to bring together researchers into adult health issues. In recent years, research staff numbers have quadrupled and there has been a big increase in funding from government and other sources - it doubled to \$16 million between 2004 and 2005. In March 2006, the government of Western Australia and the University of Western Australia pledged a total of \$100 million to establish new research facilities to house WAIMR and other research bodies, including the Lions Eye Institute.

But our efforts are not confined to these areas. As reported earlier, this year we became associated with the Great Southern Arc campaign which is tackling biodiversity protection and other issues in the far south of Western Australia.

WESFARMERS ARTS

We believe that a flourishing cultural sector makes an essential contribution to the development of Australia as a tolerant, prosperous and innovative society, and we have developed a national reputation for our support of the arts.

This year, direct assistance totalling about \$550,000 was provided to a range of leading performing and visual arts companies and organisations. One of our major partnerships is with West Australian Opera. During the year we became the Opera's Principal Partner, supporting a community outreach programme which sees opera performances taken out of the traditional concert halls and toured to regional communities, schools and free outdoor venues across Western Australia.

Our four year partnership with the Perth International Arts Festival continued with two commissioned works premiering at the 2006 Perth Festival. Black Swan Theatre Company presented an award-winning production of Homer's classic work *The Odyssey* and the West Australian Symphony Orchestra premiered an orchestral commission from acclaimed Australian composer Brett Dean. This year, the Commission Series, which involves the commissioning of five works encompassing dance, theatre, orchestral music, opera and the visual arts, was acknowledged with a Western Australian government award for innovation. The series will conclude with the 2008 festival.

POLITICAL DONATIONS

We believe that the democratic process is strengthened if political organisations, particularly those likely to be in a position to form government, have the resources to develop policy positions to put to the electorate. Financial contributions to parties can be made only by Wesfarmers Limited, not by any of our business units. During the year we donated a total of \$60,000 to the Liberal Party, the Australian Labor Party and the National Party. All donations are disclosed in November after the end of the financial year concerned to the Australian Electoral Commission which publishes this information on its website, www.aec.gov.au.

Figure 8: Community Contributions (\$)

Business Units	3,053,564
Westfarmers Limited	2,863,864
Group Total	5,917,428

Breaking new ground Our community support effort has many aspects - much of it driven by the great work of individual businesses and the people who work for them. This year our parent company became involved in a major conservation initiative in Western Australia.



(Above) Chantal Edmonds, Peter Dagnia, Nicola Headling and Janine Page planting seedlings on Yarrabee as part of the Great Southern Arc Project.

The south west corner of Australia is the country's only globally recognised biodiversity hotspot – one of just 25 around the world.

To qualify for this dubious distinction areas must be host to at least 1,500 native plant species – there are more than four times that number in the south west – and have lost more than 70 per cent of their original habitat.

Extensive clearing for agriculture has had a massive impact on the region with salinity, dieback disease and waterlogging posing a major threat to fauna and flora and to the productivity of rural communities.

An ambitious project is underway to counter the ravages of the past by restoring a 70 kilometre link between two important biodiversity centres in the far south west – the Fitzgerald River and Stirling Ranges national parks.

Called Great Southern Arc, the work now underway is part of an even broader programme known as Gondwana Link which aims to rebuild habitats between Kalgoorlie and the karri forests.

We have joined Greening Australia and the Australian Bush Heritage Fund in this important work which combines preservation of intact natural bushland and revegetation of previously cleared land. Our financial contribution helped Great Southern Arc purchase a key link in the chain, the 923 hectare Yarrabee property at the foot of the Stirling Ranges.

In the winter of 2006, a major revegetation programme swung into action on Yarrabee. A group of our employees, including Managing Director Richard Goyder, planted more than 5,000 native seedlings in one of the fragile sandy areas on the property as part of this 600 hectare restoration project, said to be the biggest single such job undertaken in Australia. As well as its ecological values, the Yarrabee revegetation will also sequester an estimated 300,000 tonnes of carbon dioxide.

Our interest in Yarrabee has another dimension. It has been selected as the site of a series of sculptures which will constitute the final Wesfarmers Arts commission in our partnership with the Perth International Arts Festival and which will make a significant cultural and economic contribution, through tourism, to the region.




1

Bunnings

We are Australia and New Zealand's leading retailer of home and garden improvement products and a major supplier of building materials.

Revenue during the year reached 4.3 billion dollars. At 30 June 2006 there were 142 warehouse stores and 84 small format stores (including Benchmark stores in New Zealand and WA Salvage and Houseworks stores in Western Australia) operating across Australia and New Zealand. We also operate eight frame and truss plants, seven trade distribution centres and three trade-focused small format stores. We employ about 23,000 people.

A close-up photograph of a man with a mustache, wearing a dark green cap and a red polo shirt, smiling broadly. He is applying white sunscreen to his face with his hands. The background shows a garden center with shelves of purple and yellow plants.

*Being sun smart
- horticulturalist team
member Sean Gray at the
Balcatta warehouse in
Western Australia.*

Our Priorities & Outcomes 2005 - 2006

06 PRIORITY

Improve safety performance by at least halving our LTIFR each year and substantially reducing non-LTIs.

06 OUTCOME

Not achieved. Lost Time Injury Frequency Rate (LTIFR) increased by five per cent from 11.8 last year to 12.4. Lost Time Injuries (LTIs) increased 10 per cent from 309 last year to 340.

We are also measuring safety performance by targeting reductions on an 'all injuries' basis.

06 PRIORITY

Continue to drive greater efficiencies in our use of energy, water and services and recycling and recovery of waste.

06 OUTCOME

Achieved. Lighting controllers or Bi lighting systems installed at a further 30 sites. Waterless urinals and tap flow restrictors installed at a further 31 sites. Pilot commercial storm water storage tank installed at Belconnen in the ACT to supplement scheme water use. Began review of Australian recycling and waste services.



06 PRIORITY

Work with our suppliers to develop sustainability of supply chains and sustainable product choices for our customers.

06 OUTCOME

Achieved. Began a formal factory assessment and accreditation process for manufacturers of our imported products. Revised our Timber and Wood Products Purchasing policy to focus on independently verifying legal status of source material.

In partnership with Sustainability Victoria began a 12 month programme for the extension of the Paintback™ paint recycling initiative.

06 PRIORITY

Maintain our contributions to improve the social wellbeing of the communities in which we operate.

06 OUTCOME

Achieved. Contributed over \$4.7 million in direct donations and in-kind support.

06 PRIORITY

Continue to drive the BSAFE programme and safety culture at team member level on the shop floor to strengthen safe acts and behaviours.

06 OUTCOME

Achieved. Implemented new safety behaviour training for team members with online safety training modules. Manual handling risk assessments developed for the range of store tasks. New team member safety recognition scheme implemented.



06 PRIORITY

Provide our customers with access to information about environmentally-friendly products and projects that can support sustainable living.

06 OUTCOME

Achieved. Working rainwater tank displays established at 31 stores. Began 'Green Thumb Training Academy' to train team members on how to advise customers on environmentally-friendly garden care products.

Promoted energy and water reduction strategies to customers through website home page features, 'How to' brochures and water-saving DIY workshops in stores.

Overview

We believe in the pursuit of sustainability within our operations. We consider that our operations are sustainable where they are socially responsible, environmentally sound and economically viable.

The two main safety areas on which we focused our attention during the year were changing the emphasis from the narrow Lost Time Injury (LTI) measure to the broader measurement of 'all injuries' and positive performance indicators and improving reporting and risk analysis to better identify root causes of incidents and underlying trends to enable adjustment of Occupational Health and Safety (OHS) action plans accordingly.

We are targeting a 15 per cent reduction annually in 'all injuries' on the way to a zero outcome. A new team member safety recognition scheme was implemented and resulted in rewards valued at more than \$200,000 for improved safety performance being delivered.

In the last year we developed a comprehensive summary of manual handling risk assessments covering 16 of the common tasks that contribute to manual handling injuries in our workplace.

The three main environmental areas on which we focused our attention during the year were continued implementation of our existing water and electricity reduction initiatives, building further sustainability standards within our existing local and overseas supply chains and conducting a review of Australian recycling and waste management services.

Water saving initiatives this year included installation of waterless urinals at a further 31 sites, implementation and installing basin tap flow restrictors where possible, the introduction of an underground storm water storage tank designed to supplement the irrigation system at our new warehouse store at Belconnen in the Australian Capital Territory, and customer displays of working rainwater tanks in 31 stores to promote use of this resource.

Energy efficiency systems have been fitted at a further 19 sites bringing to 70 the number of warehouse stores that now have this system. In addition, a new 'Bi lighting' system has been installed at 11 stores. This system uses globes that automatically switch to half and full power according to available ambient lighting.

We have developed a formal and independent factory working standards assessment for manufacturers of our imported products that align with the standards set out in the International Labour Organisation Conventions. We also engaged URS Forestry to complete an extensive review into the development of forest certification schemes globally and the progress of our Timber and Wood Products Purchasing policy. We refocused on requiring suppliers of tropical hardwood products to demonstrate through independent verification that their source material and supply chain comply with all required legal standards in the countries of origin, within specified time frames.

An Australian review of recycling and waste management services began in January 2006 and was completed in September with a focus on increasing separation of recyclables and reducing the waste to landfill at all of our sites.

We continued our industry-leading initiative to reduce plastic shopping bag use. Since the inception of our 10 cent plastic bag levy in September 2003, over \$166,000 has been donated to the Keep Australia Beautiful Council. During this period, 66 million bags have potentially been removed from the waste and litter stream with over 1.5 million reusable bags being sold.

Business management

Training We continued to invest in training and developing our teams to embed the leadership and culture needed to support our safety and environmental goals. To support this we have developed an online learning system as part of the 'Bunnings Learning Academy'. The system enables our team members to attain relevant safety qualifications and training from 'i-learning' booths located within stores.

Environmental In conjunction with our suppliers, Orica, an Australia-wide training programme known as the 'Green Thumb Academy' is conducted twice a year to train our team members to provide customers with advice on the range of garden chemicals available in our stores that are safer to use and less harmful to the environment.

As part of our Australian waste review a recycling systems training package was developed and delivered to teams at six pilot stores to support the enhanced recycling and waste management system being trialled.



Team member Arthur Vanopoulos providing advice on water saving products to a customer at Balcatta.

Health and Safety In order to reduce the number of incidents in our business we must ensure that our team members have the right knowledge, skills and attitudes to behave in a safe manner, as a normal part of driving the business.

Our commitment to safety training continued with the implementation of an online forklift training module and development of an online gas decanting module. Future modules for development include a manual handling refresher, incident reporting, safety observations, 'BSAFE Actions' and a Safety leadership refresher.

The 'BSAFE Actions' training is currently under review to be updated and re-introduced across the business in the next reporting period. 'BSAFE Actions' is the behavioural-based programme that helps team members to recognise safe behaviour and drive safety culture in their stores.

We have developed an incident investigation training programme that is currently being trialled at a number of our stores.

The programme will train management team members to better investigate incidents to identify root causes.

Other safety training conducted in the business during the reporting period included:

- safety leadership training attended by over 330 management team members;
- manual handling training delivered to over 2,300 team members;
- new OHS inductions for over 5,000 team members; and
- forklift licence and refresher training attended by over 3,200 forklift operators.

The BSAFE accreditation for suppliers has continued to reinforce acceptable safe working practices and inform our supply partners of the potential hazards specific to our stores such as forklifts, manual handling and chemical storage. Over 2,000 supplier representatives completed the online course this year.

Emergency During the year, over 770 team members attended emergency management training specifically designed for our business and conducted by an external training provider to equip them to act as part of the store emergency/fire warden teams that operate at every site.

COMPLIANCE

Environmental We are not aware of any potential non-compliance during the year with environmental legislation or other environmental requirements.

To assist ongoing compliance we keep up to date with changes in regulations by subscribing to a third party online legislation monitoring and alert service as well as a number of professional journals, Australian and New Zealand Standards and news alerts from state and federal authorities' websites. Advice notes on the impact of new legislation are also received from the Corporate Solicitors Office and other legal service providers.

We seek open dialogue with government agencies that regulate our business and share our industry experiences through group forums and public reviews of environmental regulations.

We are compliant with applicable legislation and codes of practice for retailers in the storage and handling of consumer-packaged dangerous goods. We see compliance as a minimum standard and regularly review our dangerous goods storage risks to improve our internal standards where appropriate.

National Pollutant Inventory (NPI) We did not use any of the substances listed under the NPI during the year and therefore we were not required to report.

Health and Safety We are not aware of any potential non-compliance during the year with health and safety legislation or other health and safety requirements, except as set out below.

In March 2006 we pleaded guilty to a charge brought by Queensland Work Health Standards (reported last year), receiving a fine of \$30,000 and no conviction recorded. The matter related to an incident in 2004 at our Compton Road Store where a customer received an arm injury when handling merchandise.

The prosecution by Queensland Work Health Standards reported last year relating to an incident at our Bundaberg frame and truss site is now subject to the granting of an enforceable undertaking by the court. We have complied with all matters relating to this enforceable undertaking.

The prosecution by Queensland Work Health Standards reported last year regarding our former Caloundra frame and truss site has progressed to a sentencing hearing at a date yet to be advised by the court.

The WorkCover Authority New South Wales investigation reported last year has resulted in the issuing of a prosecution notice for alleged failure to provide a safe system of work. This related to a forklift collision with store racking at our Ashfield store. A hearing date has not yet been set.

A WorkCover Authority New South Wales investigation has also begun into an incident at our Tuggerah store in January 2006 where a team member was injured handling a gas cylinder. We are yet to receive any formal advice as to the result of this investigation.

WorkSafe Victoria issued a prosecution notice for alleged failure to provide safe systems of work relating to a January 2005 incident at the Thomastown store where a team member contacted an electric current. In August 2006 we pleaded guilty, receiving a fine of \$25,000 with no conviction recorded.

We operate under health and safety legislation that varies between the regions in which we conduct business. Internal processes incorporated in our Safety Management System known as BSAFE utilises risk assessments, safety committees, hazard inspections and internal audits to assist in identifying and addressing any areas of risk or non-compliance.

We received 66 notices from relevant authorities covering safety-related issues ranging from traffic management, forklift safety, manual handling, house-keeping, storage of dangerous goods and provision of risk assessments. All these issues and notices have been resolved within specified timeframes.

Licensing and approvals We are not aware of any potential non-compliance during the year with licensing or approval conditions or other requirements, except as above in Health and Safety.

Dangerous goods storage licences, exemptions or notifications are in place where required by applicable legislation. We adhere to our internal risk management programme based on NOHSC: 2017(2001) and AS/NZS 3833 to ensure safe storage and handling of these consumer-packaged dangerous goods.

MANAGEMENT SYSTEMS

Integrated Management System Integration of Occupational Health, Safety and Environment (OHSE) standards has been achieved across our business through the introduction of the BSAFE strategy. The BSAFE manual has recently been rewritten to ensure our team members have the necessary tools, process and guidelines to perform their jobs in a safe and efficient manner.

The new manual has been aligned with AS4801 to integrate all areas of OHSE that are relevant to the business providing consistency across all departments and efficiency for team members seeking access to information. The new procedures contained in the manual will be implemented across the business in the 2006/2007 financial year.

The form and function of the Senior Safety Leadership Team (SSLT) has been redefined to support a more proactive and strategic approach to preventing all potential incidents. Safety standards have been integrated within our merchandising functions and store development plans with a safety review forming part of the internal planning process for new projects.

We have implemented improvements to our internal OHS incident record management system to further our ability to monitor and report trends and issues across the business. We now capture all injury statistics electronically including non lost time incidents and near-miss reports and are able to analyse early indicators or emerging trends.

Environmental Management System (EMS) An external environmental aspects and impacts audit conducted in June 2004 has assisted us in identifying our environmental risk profile.

As primarily a retail business, not engaged in wide scale manufacturing or processing activities, our key impacts result from electricity and water consumption and waste management issues. These areas have become the focus of our environmental management efforts as they present the largest opportunity to reduce the impact of our sites.

Other secondary aspects such as consumer-packaged dangerous goods, spillage containment, and storm water quality are well managed through existing internal procedures. These standards are maintained through updates and audits integrated within the revised BSAFE SMS.

We actively pursue product stewardship opportunities to lessen the environmental impact of the products sold in our stores and have systems in place to manage these outcomes. Details of our efforts in this regard are detailed in the 'Product Stewardship' section of this report.

We will continue to manage our environmental performance as part of our overall OHS and sustainability framework, embedding the process in our daily operational procedures and routines.

Quality system Our OHSE programmes are subject to a number of internal and external quality assurance monitoring processes. A multi-layered system of self-assessments and ongoing audit programmes ensures exceptions are remedied quickly. Minutes of safety committee meetings, injury registers and hazard inspection checklists are completed, reviewed and actioned by the relevant health and safety coordinators and complex, store or senior managers on a daily, weekly or monthly basis as appropriate.

The updated BSAFE SMS has been based on AS4801 and includes improved process, controls and checklists to maintain the required standards.

An internal OHSE audit of all operational sites is conducted annually to target potential high risk areas. Audit results are scrutinised by the relevant senior manager and also the SSLT with actions and resources applied quickly to resolve issues and prevent recurrence. Management performance assessments and store bonus payments remain closely linked to a benchmark of 80 per cent compliance with these audits.

We aim to continuously improve our performance in this area by reviewing and updating the audit scope annually.

The audit compliance rating was 84 per cent compared to 78 per cent last year.

By reviewing the audit criteria annually the increasing scope results in a constantly rising benchmark that continually challenges us to improve.

We continued our quarterly external audits on essential fire and life safety systems and the independent storage racking assessments. We also engaged external building surveyors to conduct site assessments to verify all critical building systems are identified and captured in a central asset register for maintenance purposes.

Safety Management System (SMS) Our BSAFE SMS that was developed in 2003 has been updated with a revised strategic safety focus for 2006 and beyond. After a period of consistent improvement in our safety performance since 2003, our focus is now on sustainable improvement through leadership and behavioural change.

Our revised OHS strategic plan shifts the business attention primarily from prevention and management of lost time injuries to the prevention of all injuries in our workplace, with a safety culture that is aligned to our guiding principles of integrity and respect and promotes participation and ownership at all levels.

The five key pillars to the SMS are:

- education and awareness - providing the right knowledge, skills and attitudes to behave safely as a normal part of driving the business;
- policy, procedures and process - providing the tools, processes and guidelines to enable the job to be done efficiently and safely;
- reporting and analysis - enable learning from incidents that occur, identification of trends and proactive steps to prevent future incidents; and
- compliance - ensuring the proper management of OHS risks both internally and externally; and
- reward and recognition - to appropriately reward improved safety performance to reinforce key safety messages and drive sustainable OHS improvement.

To improve our ability to analyse OHSE incident trends and produce reports from aggregate injury data we have developed an internal risk management database. A revised incident reporting and accident investigation template is in place to support the data capture which includes recording of near-miss incidents, injury type and activity involved as well as identifying root causes.

To ensure that each incident is properly investigated all near-miss, LTI and non-LTI incidents are also reported to area managers and regional OHS coordinators. Every significant incident or near-miss is reported in detail to the SSLT and at Board meetings. Incident investigation training is currently being trialled at a number of our stores so that management team members are able to better determine root causes of incidents. For coaching purposes incident investigations conducted by stores are reviewed by our OHS coordinators.

Our safety leadership and manual handling training programmes are currently under review. To achieve a sustainable improvement we are constantly ensuring that the content is appropriate and that the programmes are rolled out effectively.

An extensive overhaul of the BSAFE manual was completed in June to achieve greater alignment with Australian Standard 4801. The new comprehensive reference manual acts as a central register for all safety standards, policies and procedures at stores.

The manual has taken a holistic approach, encompassing all areas of the business, allowing greater consistencies across all departments whilst improving access to information and efficiency.

The BSAFE system also covers the safety at our sites of our customers, suppliers and contractors. All suppliers who work in stores must be BSAFE-accredited by having passed a safety induction programme and receiving a BSAFE badge that must be worn in stores.

As mentioned earlier in this report, we introduced a system to encourage improved safety performance by our team members. This resulted in rewards valued at more than \$200,000 being distributed during the year.

Other management systems Our BSAFE vision extends to providing a safe environment for our customers, including products that are safe to use.

We maintain a specific risk management system relating to customer incidents and product safety matters with all reported incidents centrally logged and investigated to ensure appropriate action is taken. We manage any issues that arise personally and directly with our customers in the first instance and where there is a need for further evaluation of any claim these are referred to our insurers.

As part of our Australian Trade Practices Act and New Zealand Commerce and Fair Trading Acts compliance programme, our trading terms require suppliers to warrant that their products are tested to any mandatory standards, fit for purpose and provide instructions for safe use as appropriate, prior to going on-range in one of our stores.

In relation to directly imported product, we ensure that appropriate testing has been undertaken by the overseas manufacturer and the product is certified by a recognised body where mandatory Australian standards apply.

We investigate all reported issues of alleged inferior product performance and work closely with our suppliers to address any opportunities for improvement that are identified.

In June 2006 we issued a public apology in relation to a product quality and labelling issue with imported annealed copper coil product sold in Australia. During January and February 2006 the annealed copper pipe that had been sold through our Australian stores was found to not fully comply with the requirements of Australian Standard AS 1432-2004 as labelled on the package. The situation arose due to misleading certification documents and test reports provided to us by the offshore manufacturer. We acted swiftly to remove the product from our shelves and undertook comprehensive performance testing that confirmed it was in fact safe for use, fit for purpose and sufficiently durable.

To address this issue we have reviewed our imported product certification and testing requirements and have engaged independent assessors to conduct batch testing of relevant product prior to shipping.

Policy We continue to stand by our BSAFE commitment through its simple and powerful vision statement 'Nobody Gets Hurt'. Our ultimate objective is to see that no one is ever injured in our stores or elsewhere in our business operations, including team members, customers, suppliers and contractors. We have adopted a new annual target supporting a broader 'all injuries' focus. Our target is at least a 15 per cent reduction annually in all injuries with the ultimate aim to reduce to zero.

During the year we refreshed the vision statement for our business aligning our overarching sustainability goals with the guiding principles of our culture.

This vision statement links our customer service offer and guiding principles to safety, community and environmental performance, establishing a platform for our continued drive towards sustainable development in the future.

We continued to engage and communicate our sustainability objectives to our teams through annual colour magazine-style extracts of the Wesfarmers 2005 Social Responsibility Report. Editorials and regular features in our 'Bunnings Banter' internal magazine have also been used as a tool to keep our team members informed of our sustainability goals.

Environmental

AIR (ATMOSPHERIC EMISSIONS)

Air quality assessments reported last year were undertaken by external consultants at a cross section of our locations, including a warehouse store, a smaller format store and a large distribution centre. These tests have indicated extremely low levels of volatile organic compounds, dust and particulates and carbon monoxide emissions that are substantially below NOHSC workplace exposure

Our Vision Statement

**"We're building the best...
our team makes it happen."**

Our ambition is to provide our customers with the widest range of home improvement products at the lowest prices everyday, backed with the best service.

Our team members are the heart and soul of our business.

Our team's guiding principles are integrity, respect, teamwork, achievement and innovation.

Our guiding principles are the keys to our culture and to achieving our vision.

We pursue sustainability within our operations by striving to make them socially responsible, environmentally aware and economically viable.

We engage with the communities in which we operate and live and we actively contribute to causes and organisations that benefit these communities.

We seek to lessen our environmental impact in ways that are measurable including: achieving better and more efficient use of resources; ensuring our suppliers operate sustainably and ethically; encouraging and educating customers about environmentally-friendly alternatives; and focusing on the 'reduce, re-use and recycle' waste management principles.

We value our team members' contributions, recognise and reward their efforts and provide a fun, satisfying and safe workplace.

By living our values and operating sustainably, we will continue to 'build the best' and earn the right to serve our customers tomorrow and into the future.

standards. No further testing has been conducted this reporting period. The mechanical ventilation systems in warehouse stores are also designed to provide adequate air flow for storage areas.

Dust Wood dust is produced at most stores as a result of sawing for customers who utilise the free cut-to-length timber service. Power saws are fitted with dust extractors and team members are required to wear supplied protective equipment during their operation.

Safe operating procedures to address the infrequent cutting of medium density fibreboard products have been developed and are in place at all relevant sites as part of the BSAFE programme.

Odour Odorous products such as pelletised manures, garden mixes and chemicals are sold in small consumer-sized sealed packages. Odour from these storage areas is managed through the ventilation systems and close attention to housekeeping by removing or fixing broken or damaged packaging.

Greenhouse gas emissions Our total greenhouse gas emissions were estimated to be 168,859 tonnes of carbon dioxide equivalent, up seven per cent on last year, and this equates to 3.95 tonnes of carbon dioxide equivalent per hundred thousand dollars of sales, up four per cent on last year.



Plastics and cardboard bailing machine at the Joondalup warehouse, Western Australia.



Reusable shopping bags help keep plastic bags out of waste streams.

This increase is attributed to higher electricity consumption and an additional 388 tonnes of greenhouse gas emissions from waste disposed off-site by our WA Salvage business in Western Australia, included in our total emissions for the first time this year.

The greenhouse gas emissions were largely due to electricity consumption at our stores, distribution centres and support centres (approximately 81 per cent) and waste disposed off-site (approximately 14 per cent).

Although we are unable to calculate the indirect emissions associated with the third party transport of stock into our stores and distribution centres, we recognise the need for efficiencies within our supply chain logistics. The Centralised Return Centre that began operations last year continues to process all store-based returns to Australian suppliers from a single location. We have also made improvements in our own imported stock supply chain increasing individual pallet load heights to 1.8 metres to optimise transport space. The pilot study of a cross docking model mentioned in last year's report was completed in August 2005 and although the outcome was not commercially viable in the form trialled, valuable learning is being applied to look at other options to optimise freight into stores.

Noise Environmental impact studies are submitted to local authorities as required when a warehouse store development is undertaken. Previous assessments do not rate noise issues as a significant environmental aspect.

Our complex managers work with neighbouring residents to adjust noise levels relating to traffic management and the volume of our public address system whenever this becomes a local issue.

WASTE

Solid waste Solid waste during the year consisted primarily of cardboard and plastic shrink wrap material that is collected on-site for recycling. Other wastes included polypropylene plastics, steel, wood pallets and off-cuts and masonry from damaged products and packaging and organic waste from food preparation and plant products.

Our total solid general waste stream during the year was estimated to be 490,625 cubic metres, up 24 per cent on last year. Of this amount, we estimated that 37 per cent was recycled and 63 per cent was disposed of as landfill, compared to 39 per cent recycled and 61 per cent landfill in the 2005 estimate.

For the first time this year the above figures are inclusive of our WA Salvage business in Western Australia.

Total solid waste disposed of to landfill per hundred thousand dollars of sales was estimated to be 7.3 cubic metres, up 23 per cent on last year.

We attribute the increase in waste to landfill to the increased waste produced by the company-wide accelerated store upgrade programme and inefficiencies in existing recycling systems in some locations. Waste to landfill volumes increase up to 300 per cent during a major refurbishment project of which we completed 32 this year compared with 12 last year. The current waste and recycling review is specifically aimed at increasing our efficiency in this area.

The solid waste volumes are calculated using revised weight-to-volume conversion factors obtained from a leading waste management contractor and a waste survey commissioned by the New South Wales Department of Environment and Conservation. These more accurate conversion factors have been applied retrospectively to the 2005 weight estimates to enable comparison. Using the revised conversion factors the total solid waste volume for 2005 is adjusted to 394,093 cubic metres.

Liquid waste Liquid waste is produced from food preparation in cafes, drainage from bin storage areas, infrequent wash downs of small hire equipment and rinsing water-based paint brushes. Due to the small volumes and ad hoc nature of these activities we are not able to measure the total quantity we produced during the year.

Our waste disposal guidelines do not permit any liquid waste to be discharged to storm water.

Our store developments adhere to local requirements for:

- wash-down sumps or separation units for capture of hydrocarbon run-off;
- draining of bin wash-down areas; and
- café grease traps to filter contaminants before drainage to sewer.

Waste management contractors collect the captured hydrocarbons and grease.

Mechanical paint mixing machines are in place at all locations, minimising the use of manual stirrers and rinsing water.

A minimal amount of water-based paint rinsing water is still produced by cleaning paintbrushes and stirrers. An analysis of this liquid has proven it to be non-hazardous for reuse in garden beds with the suspended solids filtered out and disposed of in general waste.

Clean up and disposal of leaking packages of chemical products is handled in accordance with our hazardous waste disposal procedures where it is contained for removal to an approved disposal facility.

Recycling initiatives In partnership with major recyclers Amcor and Visy Australia all major sites have cardboard recycling systems with approximately 49 per cent of sites also recycling plastic shrink wrap.

As a result of the recycling services review in Queensland reported last year, recycling volumes of cardboard and plastic in that state have increased 52 percent from approximately 31,443 cubic metres in 2005 to approximately 47,743 cubic metres in 2006.

A comprehensive review of Australian recycling and waste services was completed in September 2006 and involved waste audits at 13 selected sites and identified numerous opportunities to increase efficiencies and capture more recyclables at source. Six pilot sites were established in each state to evaluate the revised recycling models with results indicating a further potential reduction of 10 to 50 per cent in waste to landfill was achievable. The reduction at the pilot sites was mainly attributable to the introduction of wood waste recycling, improved bin layouts and signage that optimise the recycling rates for cardboard and plastics. We are currently considering proposals to provide a total waste management solution to our business which includes enhanced recovery systems in stores and a team member education programme to enable diversion of more recyclables from landfill.

Product stewardship initiatives We continue to undertake product stewardship initiatives and engage our supply chains with the overall aim of lessening the life cycle impacts of products within our sphere of influence.

We continued our support of the Paintback™ paint recycling programme as part of the Sustainability Victoria working group. The group has undertaken detailed analysis of the previous pilots in an effort to address economic and environmental barriers to develop a sustainable paint recycling model.

In April 2006 after two short term successful trials in Victoria and one in Western Australia we are now involved in a 12 month longer term trial at our Vermont South store in Melbourne.

Through collaboration with Bluescope Steel, Dulux, Steel Can Recycling Council, Chemsal and Sustainability Victoria, specially designed containers have been set up inside the Vermont South store so residents can easily drop off unwanted paint and paint cans during normal opening hours. The waste paint that will be recovered and reprocessed by Dulux into a quality recycled fence finish product available through our stores, with the steel cans being recycled.

As part of a major information technology (IT) equipment upgrade we have established a process to recover all old equipment Australia-wide and consolidate it for recycling at our Centralised Return Centre in Melbourne. Through this process we have recovered approximately 49 tonnes of used IT equipment for re-use or recycling, diverting it from landfill.

We also continued a recycling programme for our company mobile phones.

We remain supportive of the National Packaging Covenant objectives and continue to progress with independent actions to reduce the impact of our specific product range and transport packaging waste. Significant activities included the development of an Imported Product Environmental Packaging Specification for our directly imported products and a recently approved project to upgrade 100,000 old hardwood pallets with new softwood plantation pine pallets, recycling the waste wood into mulch for use in freeway landscape works.

We have continued with our industry leading initiative to reduce single-use plastic shopping bags in Australia. Since the inception

of our 10c plastic bag levy in September 2003, over \$166,000 has been donated to the Keep Australia Beautiful Council. During this period, 66 million plastic bags have potentially been removed from the waste and litter stream with over 1.5 million reusable bags being sold.

This year a further \$19,000 was raised through the levy and donated to the Keep Australia Beautiful Council with a further 23 million plastic bags potentially removed from the waste and litter stream. Over 175,000 reusable bags were also sold.

Based on pre-levy plastic bag purchasing data we have established consumption of bags in our stores was approximately two million bags per month. We have revised our previous estimate of the total number of bags removed from the waste stream to 66 million, since inception of the programme. The total is inclusive of the further 23 million bags mentioned above.

Our Future Leaders Project that gives management trainees an opportunity to research and develop business improvement strategies also encompasses eco-efficiency opportunities. A feasibility study is currently being undertaken by a trainee management group to review current in-store practices for recycling plastic plant pots with the aim of identifying a viable model. We are also investigating in-store battery recycling opportunities with a view to encouraging customers to drop off used household or cordless power tool batteries.

We have continued to work with our suppliers of timber and wood products towards the goal of ensuring all future products supplied to us originate from legal and sustainable forest operations. Our New Zealand operation remains an active member of the Imported Tropical Timber Group, an industry association working collaboratively with the government and environmental organisations to encourage sustainable timber procurement. We also engaged URS Forestry to complete an extensive review into the development of forest certification schemes globally and the progress of our Timber and Wood Products Purchasing policy.

A shortfall in supply of certified timber product globally, the slow take up of certification schemes in South East Asia and the complexity of identifying and monitoring supply sources has affected our original goal of achieving full certification of our supply chain in 2007.

As a result of the URS review, we have adopted a risk-focused approach to our supply chains, seeking a higher level of assurance on product that originates from tropical areas, in particular South East Asia. We have adopted an interim measure for these supply chains to achieve independent verification of legality of origin as a step towards full certification. Through an association with an independent certification body, work was completed to scope the requirements of a Timber Legality and Traceability Verification system for three sample supply chain audits that were scheduled to be conducted in Indonesia during October/November 2006. This will form the basis for other suppliers of tropical timbers to demonstrate legal verification of their products. We are also concentrating on whole timber products at this stage rather than trying to include the huge range of wood-containing items that will eventually be considered under the policy.

We have adopted a more risk-focused approach towards this issue by identifying the relatively small percentage of timber and wood products (less than 10 per cent) that we believe requires special attention.

LAND

Flora and fauna In Queensland we have engaged in red imported fire ant (RIFA) compliance programmes to support the Queensland Department of Primary Industries' efforts to control this pest. In Victoria, RIFA agreements are also in place with the Department of Natural Resources and Environment to ensure all Queensland plant material is clear of infestation before reaching our stores.



Working rainwater tank displays promote better water use.

We manage our ranging of plant species in conjunction with our suppliers to ensure that noxious or declared weeds are not introduced into stores in prohibited zones.

We support community land rehabilitation projects throughout Australia and New Zealand. Building materials and plants have been donated and team members volunteer their time to help restore and beautify local environments. Such projects include taking part in national tree planting day activities and replanting trees and shrubs in a local wildlife corridors near stores.

Contamination We are not aware of any potential contamination during the year, except as set out below.

In March 2006 the WA Salvage store in Morley, Western Australia, was totally destroyed by fire from an unknown ignition source. Testing conducted by the Department of Environment and Conservation determined that the fire had no residual impact on air quality or local waterways. A plan to conduct further assessment of the soil quality at the site and remediation if required is being discussed with the Bayswater City Council. We continue to maintain a register of the 15 sites known to contain asbestos, with external risk assessments and management plans in place.

RESOURCE USAGE

Energy Energy use during the year related primarily to electricity consumption at our stores and vehicle fuel use.

Total energy consumption was estimated to be 574,824 gigajoules, up one per cent on last year.

Our total energy consumption per hundred thousand dollars of sales was estimated to be 13.5 gigajoules, down three per cent on last year. Energy sources are detailed below.

Fuel Petrol, diesel and LPG accounted for 16 per cent of our total energy consumption by gigajoule. Our petrol, diesel and LPG consumption was estimated to be 973 kilolitres, 574 kilolitres and 1,514 kilolitres, respectively.

Electricity Electricity accounted for 80 per cent of our total energy consumption by gigajoule. Our electricity consumption was estimated to be 127,935,254 kilowatt hours, up 10 per cent on last year. Our total electricity consumption per hundred thousand dollars of revenue was estimated to be 2,996 kilowatt hours, up six per cent on last year. The increase is largely attributed to the replacement of non-functioning globes identified during installation of the automatically-controlled lighting systems, additional lighting units installed as part of store upgrades, and

a shift to after hours stock replenishment in stores. An analysis of electricity consumption for the 70 warehouse sites with automatically-controlled lighting systems has established these systems save approximately 5.9 gigawatt hours per annum.

Natural Gas Natural gas accounted for three per cent of our total energy consumption by gigajoule. Our natural gas consumption was estimated to be 19,900 gigajoules.

WATER

Consumption Water use during the year related primarily to nursery irrigation systems, evaporative air-conditioning and kitchen/toilet facilities. Total water consumption was estimated to be 782 megalitres, up 14 per cent on last year. Consumption per hundred thousand dollars of revenue was estimated to be 18.3 kilolitres, up 8 per cent on last year.

The increase is largely attributed to greater use of nursery irrigation systems to compensate for extended dry weather conditions throughout Australia. Nursery irrigation represents 50 to 70 percent of the total water consumption at our warehouse stores. We are also confident that further improvements in data collection this year provide a more robust measure to benchmark future consumption. Our water source is primarily scheme water. We are unable to measure the quantity of ground water used by a small number of sites to reticulate landscape garden areas or the volume of water recycled onto landscape gardens.

Scheme water irrigation systems for the plant nursery areas are controlled through an automated pre-set timer system. Where specific restrictions apply to nurseries, we have implemented additional procedures to ensure we minimise water use and comply with regulations. Flow testing of the water efficient nursery irrigation system installed at our Balcatta warehouse in Western Australia, reported last year, indicates that a reduction of 432 kilolitres per year will be delivered, inclusive of two additional watering stations.

Water saving initiatives this year included installation of waterless urinals at a further 31 sites and installing basin tap flow restrictors where possible, the introduction of underground storm water storage tanks at our warehouse store in Belconnen in the Australian Capital Territory - estimated to replace approximately, 1,300 kilolitres of scheme water used - and customer displays of working rainwater tanks in 31 stores to promote use of this resource. We are extending the installation of rainwater tanks in stores in 2006/2007.

We estimate that the water saving measures in place reduce our overall consumption by approximately 10 percent or 77 megalitres per year which equates to around 642 domestic swimming pools.

Reuse and recycling Seven sites (Mile End in South Australia, Cannington and Morley in Western Australia, Minchinbury in New South Wales, Mackay in Queensland, Northland in Victoria, and Belconnen) reuse storm water run-off from the nursery to water landscape gardens or recycle back through the irrigation system. Opportunities to expand water reuse are being explored including a trial of large underground storm water recovery tanks, and a nursery water reuse system installed at the new Belconnen store. This site's underground tank system reclaims stormwater runoff from the roof and the nursery area which supplements water use in the nursery and landscaped garden irrigation systems at the store and reduces the discharge load to the storm water system. The effectiveness of this system will be subject to further evaluation to quantify the actual water saving and environmental benefits.

Discharges to surface and groundwater We conform to all local council requirements for car park, nursery and storm water drainage.

We have procedures in place at stores to minimise the risk of accidental release of nutrient run-off or leaking chemicals into the storm water system. Reminders on correct storage of bulk fertilisers and soils are sent to stores to maintain appropriate focus on this area.

Other materials We have a number of programmes designed to generate ideas from our teams on how to grow our business and improve efficiencies. Ideas are also put forward that have an environmental benefit and a number of eco efficiencies have been identified and put into action. One project undertaken was to reduce the size of our cash register receipts which consumed an excessive amount of paper. By reformatting the layout of the receipts they have been reduced by more than 30 per cent. This will reduce annual stationery costs by approximately \$150,000 and reduce thermal register roll consumption by around 2,500 units per annum.

We have established an arrangement with our major copy paper supplier, Greg Williams Print Management (GWP), for the procurement of Forest Stewardship Council (FSC)-certified paper product for use company wide. GWP recently achieved FSC chain of custody certification and delivered our first shipment of over 1,000 boxes of FSC-certified paper. We have also begun measuring our total paper consumption to better understand our use and establish appropriate reduction targets.

Safety and health

Lost time Our Lost Time Injury Frequency Rate (LTIFR) was 12.4 (compared with 11.8 last year), see Figure 1, and, during the year, there were 340 LTIs. Our Average Time Lost Rate (ATLR), which provides a measure of the severity of such injuries, based on the average number of actual days lost due to an LTI was 7.5 compared with 4.8 last year.

New South Wales achieved the greatest improvement with a reduction of 33 per cent in the LTIFR and 32 per cent in LTIs. We believe that this is directly attributable to improved safety standards and awareness.

We have recognised that a shift in strategic focus is necessary to generate the next level of sustainable safety improvement and this is being driven by the implementation of our updated BSAFE strategy.

The revised 'all injuries' measure adopted this year includes Lost Time Injuries, Restricted Duty Injuries and Medically Treated Injuries as a more holistic measure of safety performance. We recorded 1,383 'all injuries' from July 2005 to 30 June 2006 with an All Injury Frequency Rate (AIFR) of 50.6. The monthly AIFR is trending down and we will be able to indicate annual performance on this measure in future reports.

These statistics do not include contractor hours and injuries. As noted elsewhere in this report, all suppliers who undertake work in stores must be BSAFE-accredited by having passed a safety induction programme. As we have very few full-time

contractors we do not believe that contractor hours and injuries would materially affect our LTIFR.

We have a strong injury reporting process that ensures all safety-related injuries are reported to senior management, with rapid reporting of more serious incidents (including near misses). Safety statistics are distributed and discussed by management and location safety committees each month and, in addition, our Managing Director chairs a SSLT meeting where, as part of the process, root cause analysis reports on significant incidents or near misses are reviewed. Detailed safety statistics and serious incident information are reported regularly at Board meetings.

Workers compensation There were 1,298 workers compensation claims reported for the entire business, relating to occurrences during the year, compared with 1,301 last year (see Figure 2). A correction has been made to the 2005 workers compensation claims from 1,161 to 1,301 to include WA Salvage and additional New Zealand claims that were omitted in error. We have implemented enhanced injury management support and flexible return to work programmes that have had a positive influence on helping our team members recovery from injuries.

HAZARD AND RISK

Programmes Inclusive of our revised OHS strategy, to ensure that the business continues to properly manage its OHS risk, our current internal audit tool is being rewritten to align it with the new BSAFE manual and revised safety goals. This will help to create a more clear and comprehensive assessment of in-store performance as well as assisting in highlighting opportunities to further drive safety within our business.

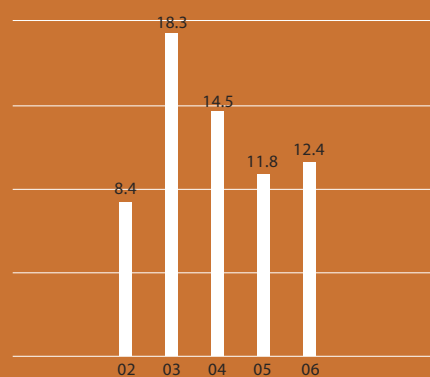
Following audits, our sites will develop and implement specific safety action plans to address opportunities identified.

We have continued to review and update safe work procedures in consultation with our team members and have developed 27 new procedures for a variety of plant and equipment operated in our frame and truss sites and in stores.

The product weight and handling icon-marking system for heavy bagged or boxed product continues to have a high profile on our packaged goods. We updated the standards during 2005 to include bar-coding on each face of the packaging to avoid the need to move heavy product to scan barcodes at the registers and pre-cut handles for packages over 16 kilograms. This system aims to reduce workplace injuries by raising awareness of safe handling and storage of these heavy products in conjunction with warning stickers reminding of the need for two-person lifts and facilitating easier lifting and handling of bulky goods.

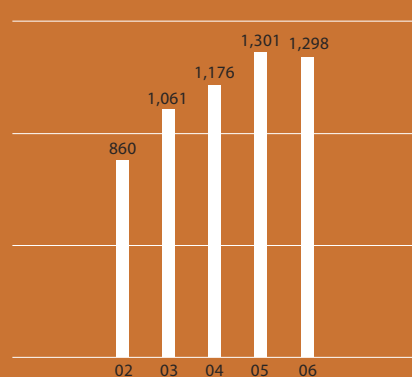
Our Australian Procurement and Supply Department has developed a new purchasing guide manual that encourages the

Figure 1: Lost Time Injury Frequency Rate*



*1 July 2001 - 30 June 2006 (as at 30 September 2006)
Contractor hours and LTIs are not included

Figure 2: No. of Workers Compensation Claims



incorporation of sustainability principles into purchasing decisions. As part of our 'value for money' approach to procurement the total cost of the product or service is assessed, including wider benefits to business and industry development, environmental protection and safety performance.

Emergency response Contingency plans are in place to address major accidents or security breaches. Emergency response guidelines for a range of chemical spillages are in place and are accessible at every location.

We endeavour to have an adequate number of our team members trained in first aid to ensure that someone is available to assist at any time in each of our stores. We conduct audits to test whether adequate first aiders are available and more team members are trained where required.

We use the services of trauma counselling professionals to support any team member or customer involved in a serious incident at one of our stores.

Annual fire drill exercises and emergency warden teams are implemented at all locations with refresher training for wardens designed to improve our capacity to manage a serious event that may have an impact on our business, our team members and the community.

Materials handling and storage A variety of material handling devices are provided to ensure that products are loaded and unloaded, stored and transported around the store safely and efficiently.

A review of customer trolleys has delivered a more flexible range of specially designed trolleys available to move heavy bagged or bulk product, long lengths of timber or plants safely around our stores. The step-through design of our check-out counters and cordless hand-held scanners at all points of sale allow cashiers to scan heavy items in the trolley and avoid manual handling. The need to shift heavy product for barcode scanning will also be reduced by labelling on all faces of the package.

Electric pallet jacks used in all warehouse stores greatly reduce the amount of exertion required to shift pallets on the floor compared

to manual pallet jacks. Hydraulic platform trolleys are also available to assist in the movement and loading of heavy products like bagged cement or large tins of paint around the store and to assist customers to load their vehicles.

A comprehensive traffic management plan incorporating designated unloading bays, forklift curfew and exclusion zones, signage and pedestrian line marking has been implemented at each of our stores to safely manage the movement of trucks, forklifts and pedestrians in our yards and drive-through areas.

The forklift speed monitoring alarm programme mentioned in last year's report has been discontinued due to quality control issues with the product.

Palletised product deliveries received in stores from our suppliers are required to meet minimum safety standards including shrink-wrapping and strapping for certain goods. Any palletised products that are stored at our sites also adhere to prescribed internal safety standards before being placed into racking.

Risk assessment Risk assessment and analysis of risk is one of the key areas of our revised BSAFE system and our safety strategies are being defined through this process. The improved accident investigation process currently being piloted involves store management teams conducting root cause analysis and ranking of risk using a standard risk assessment model based on AS 4386. The new BSAFE reporting database will enable reporting on causal analysis and trends, demographic analysis and trends, costs analysis, time lost analysis and risk profiling.

Through the analysis and reporting of risk assessments we will be able to better learn from incidents and trends to then target our efforts on higher-risk areas and implement commercially-sound, practical solutions relevant to the level of risk.

In the last year we developed a comprehensive summary of manual handling risk assessments covering 16 of the common tasks that contribute to manual handling injuries in our workplace.

Employee wellbeing The wellbeing and personal fitness of our team members is integral to their health and safety in the workplace and their ability to perform at their best.



During forklift operations aisles are blocked and manned by team members to safeguard customers.

We continued our commitment to our team's personal wellbeing through the following programmes:

- smoke-free workplace policy with 'Quit' smoking workshops for team members;
- annual influenza injections offered to every team member;
- subsidised yoga and circuit training programmes for our support centre teams in Perth and Melbourne; and
- nutrition, relaxation massage and self defence classes held at our store support centre in Queensland.

Bicycles are also provided at our Melbourne support centre for our teams to use during their breaks.

We have established an Executive Health Programme recently undertaken by 100 complex managers, providing them with a comprehensive health and wellbeing assessment designed to be educational, enjoyable and beneficial to maintaining a healthy work-life balance.

We also recently conducted a new 'work-life' programme for 130 store support team members in Melbourne and Brisbane. Run in conjunction with the high profile Dr John Tickell, the free 12 week programme exposed team members to a schedule of exercise, nutrition and personal development to enhance their work and personal life. Results from the participant group included an over seven percent drop in unplanned absences with 72 per cent of participants reporting greatly increased energy levels.

We are committed to providing a positive work environment by ensuring that it is free from all forms of inappropriate discrimination or behaviour. Our anonymous reporting hotline known as 'Bhonest' is managed independently by external consultants and designed to encourage reporting of any illegal, unethical or unsafe behaviour.

Community

Stakeholders Our stakeholders include our team members, our customers, our suppliers and other contractors, relevant government agencies, the local communities in which we operate and shareholders in our parent company, Wesfarmers Limited.

Feedback/Complaints Our philosophy is to proactively establish open dialogue with our stakeholder group and encourage feedback and comment as to our performance.

We provide a feedback tool at every location through 'How Did We Do?' cards, promoted at the front of the store. An electronic recording and reporting system ensures that every comment is responded to if requested. We received over 13,800 customer comment cards through our store network.

Our website also provides customers the ability to give feedback online or contact us directly. We received over 1,500 responses from customers via our website. Out of all the comments received from these sources, 63 per cent were positive and 17 per cent negative.

Any customer complaints made on our website or in-store are personally followed up by the complex or store manager or a senior manager as required.

We also received approximately 40 written complaints from customers relating to alleged product performance. We personally engage our customers in an attempt to resolve any dissatisfaction and, where this is not possible, claims are lodged with our insurers. During the year, 10 such claims were lodged.

We continue to receive a large number of letters of thanks and appreciation from customers, communities, government agencies and non-government organisations

We strongly promote an internal culture supporting feedback from our team members across all aspects of our business. A good example of this is project REDeploy, whereby team members

actively put forward ideas to reduce administrative tasks within the business to focus more hours on customer service.

Liaison with authorities We remain proactive in engaging and establishing open working relationships with authorities that regulate our business and the non-government organisations that take an interest in our operations.

Good working relationships have continued during the year with environmental protection and waste management agencies. We have worked closely with Sustainability Victoria in support of the Paintback™ programme and supported the Commonwealth Department of Heritage and the Environment's stance on reducing single-use plastic shopping bags.

We are working collaboratively with emergency services and workplace safety authorities as a member of the Australian Standards Technical committee for the review of AS3833 for mixed class storage of consumer packaged dangerous goods. We have also actively taken part in public reviews of other regulations and standards relating to storage and handling of poisons and dangerous goods and product safety.

Action groups We continued an open dialogue with interested parties in the ongoing implementation of our Timber and Wood Products Purchasing policy, including the Greenpeace and WWF Australia organisations regarding forest practices in the Asia-Pacific region.

COMMUNICATION

Newsletters and reports A wide variety of internal and external mediums are used to effectively communicate to our stakeholders.

Internally we produce both a Community Report Card and a Health and Safety Report Card to ensure environmental, sustainability and health and safety issues are kept top of mind for our team members. These reports are also posted on our website for our stakeholders to view.

We also produce 'plan on a page' documents outlining our strategic objectives for the year and our half year results. The 'plan on a page' documents accompany internal DVDs, communicating our strategic objectives to our team members.

Our in-house magazine, 'Bunnings Banter', is used to showcase each store's activity in relation to community and environmental programmes. The magazine recognises team and individual performance within the community and helps to reinforce our culture.

Externally, we are continuing to communicate to customers on market leading trends such as water and energy saving techniques via normal advertising as well as in-store 'How to' workshops, 'How to' brochures, and information on our website.

Website Our website www.bunnings.com.au provides us with an effective tool to engage customers on reducing environmental impact through sustainable living and product choices.

We regularly feature sustainability market trends such as water and energy saving on our homepage. These features link in a range of information that we offer, such as:

- relevant in-store 'How to' workshops;
- 'How to' brochures;
- water and energy saving products; and
- other information of interest to consumers, i.e. water rebates

The community page on our website also contains information about our community support programmes, major charity sponsorships and environmental initiatives.

In the previous year over 3.6 million hits have been recorded on the website including over 100,000 hits on our 'In The Community' section.

Case Study : Operation Larry Assist On Monday 20 March 2006, Cyclone Larry – a category five cyclone – swept through the communities of Far North Queensland (FNQ) leaving a trail of destruction in its wake. While our team has always held strong relationships with our local communities, from the moment Larry arrived, the reaction was remarkable.



Cairns Manager Scott Bool presenting a cheque to Deb Quabba on behalf of the community of Babinda.

Local stores responded immediately. Stores opened their doors in dismal conditions so that people had access to much needed emergency products and plans were developed to assist the communities most in need.

Team members were able to anticipate the needs of the community and didn't wait for requests to come rolling-in. Enthusiasm to help spread right across the rest of the region and our stores throughout Queensland and the Northern Territory began to fundraise via daily sausage sizzles, cake stalls and dress-up days.

Many team members rallied to donate personal effects to others who had lost everything and some volunteered at the Red Cross to further help those in need.

The communities in FNQ were in desperate need of mattresses, bedding, clothing and other items that we don't normally stock. Our Queensland support office utilised our supplier network to organise these vital items and deliver them to the affected areas without delay, working closely with the Queensland Government's Operation Recovery Task Force.

In true Bunnings spirit, many local projects were supported through team members becoming involved, helping wherever needed, restoring gardens, organising clean up teams and helping local schools.

One particular team member dressed up as the Easter Bunny to face paint kids from the local communities of Babinda, Innisfail and Malanda, spreading some much needed community spirit to those people directly affected by Larry.

Together with local government, the Bunnings-Babinda Community Assistance Program committee was formed. Through this committee, our local team continued to drive recovery efforts post-Cyclone Larry to help this community rebuild.

The ability of our team to get in and get things done with no fuss and no red tape helped to bring essential products, some relief and a few smiles to the people of FNQ. The donation of time from our team members was substantial and was in addition to our fundraising efforts that resulted in donations of over \$65,000.

Community support We have maintained a strong commitment to local community involvement over many years. We receive and grant many requests every day for financial, labour and material assistance from a wide spectrum of charitable organisations, sporting bodies and schools. Our community involvement focuses primarily on local organisations and we also support regional and national organisations. During the year, we helped raise funds and contributed more than \$4.7 million to various charities and community groups throughout Australia and New Zealand.

In our business, responsibility for local community involvement rests with the store located within the particular community from where the assistance is requested. We believe that our local teams are best placed to make decisions that reflect the needs of their local communities.

At a local level we support many community groups and activities operating in the areas of family, community and sustainability.

Our team members personally support their local community in many ways, including:

- providing expert advice or hands-on support to assist community groups with DIY projects;
- allowing local community groups to operate weekend and public holiday fundraising sausage sizzles at the entrance to our warehouse stores;
- acting as collection points and fundraising for various charities and community groups;
- personally taking part in charitable events and blood drives for the Red Cross; and
- sponsoring local community groups.

Our team members have donated their own time and skills to actively take part in supporting many community projects such as:

- Clean Up Australia day;
- conducting workshops for special needs children and seniors groups;
- painting rooms at children's hospitals and community buildings;
- building flower beds and vegetable gardens at primary schools;
- doing makeovers of community facilities; and
- performing backyard or room makeovers for needy members of the community.

One example of the enormously diverse activities we undertake across our store network comes from our Botany Warehouse in New Zealand where team members donated their own time and talents to create artworks that were auctioned off to raise more than \$3,500 for the New Zealand Breast Cancer Foundation.

At each of our warehouse stores free DIY clinics are offered to adults and children. In addition, specially coordinated 'Ladies Nights' and 'Ladies Days' are conducted to introduce women to a range of DIY projects. Children's workshops are also conducted at schools, community centres and major community events.

Each of our warehouse stores has a dedicated activity organiser with the role of managing store activities and local community involvement.

Another way we support our local communities is through our Community Fun Day programme where various community groups, youth groups and service organisations are invited to hold information displays and conduct activities at one of our warehouse stores on a weekend.

Priorities for the Future

07 PRIORITY

Maintain our contributions to improve the social wellbeing of the communities in which we operate.

07 PRIORITY

Implement our revised OHS strategic plan across the business to achieve sustainable improvement in OHS performance.

07 PRIORITY

Target a reduction in 'all injuries' of at least 15 per cent.

07 PRIORITY

Lessen our direct environmental impact through achieving better and more efficient use of resources (energy, water, and other services) and improved waste management practices.

07 PRIORITY

Work with our suppliers to further develop sustainability of supply chains and sustainable product choices for our customers.

07 PRIORITY

Proactively provide customers with access to information about environmentally-friendly products and projects that can support sustainable living.

On the day our stores provide a variety of free family activities such as face painting, jumpy castles, clowns and petting zoos. At the completion of the day, donation cheques for \$1,000 are drawn and presented to five organisations represented. Community fun days contributed over \$55,000 to local organisations throughout the year.

This year we were proud to support the following programmes within Australia: National Breast Cancer Foundation 'Porches in Pink'; The Cancer Council 'Daffodil Day'; the Anglicare Angels Christmas appeal; Australasian Fire Authorities Council (AFAC); and National Recycling Week. For the fourth year running we joined our suppliers Dulux in supporting AFAC. Five dollars from every can of Dulux 101 paint sold during a select period was donated to AFAC. We raised over \$230,000 to support training of volunteer fire fighters.

At a regional level we also support various major Australian appeals such as the Alfred Hospital Fathers Day appeal in Victoria, Princess Margaret Hospitals Starlight Foundation in Western Australia, Surf Life Saving WA, and Bluey Day in Victoria, Queensland and New South Wales.

In New Zealand we support a variety of prominent causes including, Special Olympics NZ, Hospice, SPCA, The Heart Foundation, Project Hope and the New Zealand Blood Service.

SECTION

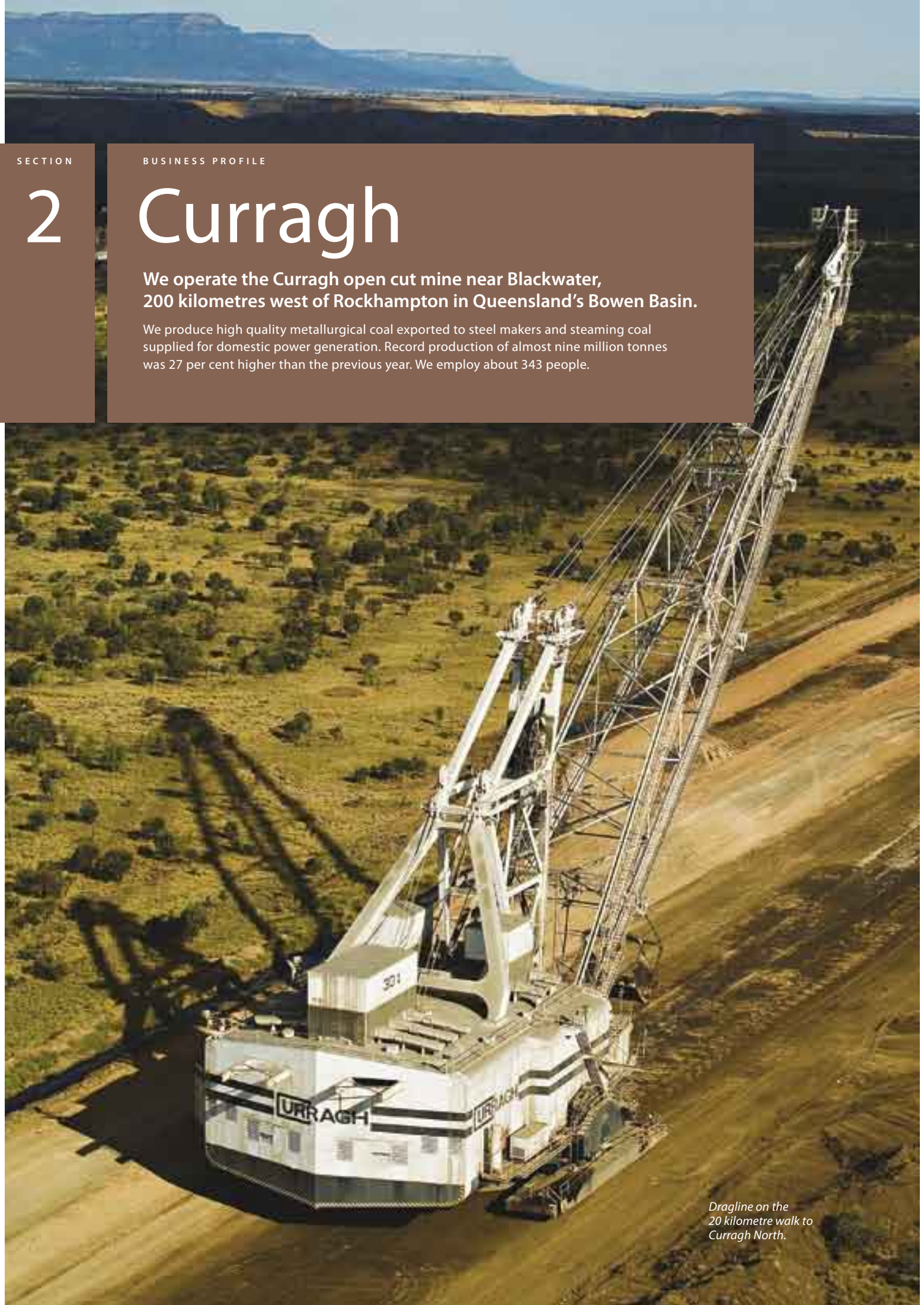
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BUSINESS PROFILE

Curragh

We operate the Curragh open cut mine near Blackwater, 200 kilometres west of Rockhampton in Queensland's Bowen Basin.

We produce high quality metallurgical coal exported to steel makers and steaming coal supplied for domestic power generation. Record production of almost nine million tonnes was 27 per cent higher than the previous year. We employ about 343 people.



Dragline on the 20 kilometre walk to Curragh North.

Our Priorities & Outcomes 2005 - 2006

06 PRIORITY

Fully implement the Environmental Management System.

06 OUTCOME

Partially achieved. Progress made but additional documentation and training need to be developed to achieve full implementation.

06 PRIORITY

Bring all hydrocarbon storage facilities up to current requirements.

06 OUTCOME

Not achieved. Capital expenditure has been budgeted and some projects commenced. Remaining work will start in the 2006/2007 year.

06 PRIORITY

Fully integrate the environmental management of Curragh North into our systems.

06 OUTCOME

Partially achieved. Some systems are still being developed and implemented. Completion of the Curragh North project is expected at the end of calendar 2006.

06 PRIORITY

Zero LTIs

06 OUTCOME

Not achieved. Ten Lost Time Injuries with an LTIFR of 4.9.

06 PRIORITY

Continue promotion of health and safety awareness.

06 OUTCOME

Achieved. Monthly 'Healthwise' magazine sent to employees' homes. Senior First Aid course conducted for employees and their families.



06 PRIORITY

Fully implement the 'ZIP' safety culture programme.

06 OUTCOME

Partially Achieved. Seventy eight per cent of our employees have attended phase one and phase two of the programme.

06 PRIORITY

Complete a site security upgrade.

06 OUTCOME

Not achieved. A new gate has been installed at the mine site entrance. Planning continues to implement other aspects.

06 PRIORITY

Continue assistance to establish a multi-disciplinary community health centre in Blackwater.

06 OUTCOME

Not Achieved. Construction of the centre remains dependent on final government approval.

Overview

The main challenge facing our business on an ongoing basis is the safe operation of our mines in a sustainable way that minimises any adverse impact on the environment or the local Blackwater community.

In dealing with this challenge, the three main environmental areas on which we focused our attention during the year were the development of our Environmental Management System (EMS) and its implementation across our operations, improving our water management practices and managing low wall stability issues at Curragh North.

We aim to improve our environmental performance by developing and implementing systems that are responsive to site-specific needs and address issues such as compliance, responsibility, monitoring and improvement. This approach will define the accountabilities of our employees and also provide mechanisms for measurement and improvement in the future.

Applying our existing systems to the Curragh North development, continuing the review of our EMS referred to last year and progressing the upgrade of our hydrocarbon storage facilities contribute to achieving this objective.

A reduction in regional rainfall, ongoing developments in government policy, economic drivers and our own environmental policy have focused interest on maximising the reuse of our worked water and reducing use of purchased water. Some work has been done and monies have been budgeted for the 2006/2007 year for this project which will have long-term environmental and economic benefits.

Low wall stability issues reduced the integrity of the flood protection levee surrounding our Curragh North operations. Significant work has been completed on adjusting our mine design and mining methods to mitigate existing issues and the likelihood of similar issues occurring in the future. Open communication with our regulators has been well received and constructive in improving environmental management.

The two main safety areas on which we focused our attention during the year were continuing to integrate our existing safety procedures to activities at Curragh North and implementing the Zero Incident Process (ZIP) safety culture programme.



Industrial paramedics Ray Greenwood (left) and Greg Croucher (right) completing drug testing reassessments, watched by assessor Gary Sorensen.

We continued our strong partnership with our contractors to ensure that their inductions work hand-in-hand with existing site procedures. A new rescue truck is being purpose-built to provide additional emergency response capability for personnel working at Curragh North.

In August 2005 we introduced ZIP to our broader workforce. ZIP comprises a series of training modules designed to empower people to make effective choices regarding their personal safety. Details are outlined in the Case Study on page 34.

Business management

TRAINING

Environmental Training delivered was through toolbox presentations, new starter inductions for Curragh staff and the five year refresher training programme. Specific topics covered included environmental management, water management, disturbance to land and weed management.

Health and Safety A revised five year refresher training programme was introduced during the year. Topics covered included our Safety Management System (SMS), environmental management, positive and effective isolation, fire safety and use of extinguishers, mine traffic rules, basic first aid/resuscitation, heat stress and working at heights. The programme was attended by 66 employees.

Personnel who are required to work in confined spaces must have a current qualification. Confined space training courses and re-certification courses delivered by external providers are conducted during the year as required. Re-certification is required every 18 months. Twenty six employees attended the re-certification courses and 36 completed the full course.

Courses covering risk management, accident investigation and communications were conducted for employees requiring supervisory skills and 52 attended this training.

A two-day Senior First Aid course was attended by employees and some family members.

Training courses for our new Permit to Work Officers were held in September 2005 and March and June 2006 with 25 attending. The training course, conducted by an external provider, was designed specifically for us and focused on working in confined spaces, concealed services, project isolation, access to high voltage conductors and welding and cutting in hazardous locations.

Emergency A seven-member team competed in the Townsville Mine Rescue Challenge in August 2005. Our team performed at a very high standard and were rated first in road accident rescue and multi casualty, third in rescue from heights and third in search and rescue using breathing apparatus.

In October 2005 a five-member team competed in the Australasian Rescue Challenge 2005 and World Rescue Challenge 2005 in New Zealand.

In April and May 2006 rescue team members attended Fire Training at Whyte Island in Brisbane.

Training for members of the Crisis Management Team is scheduled for later this year.

COMPLIANCE

Environmental We are not aware of any potential non-compliance during the year with environmental legislation or other environmental requirements, except as set out below. We have reported to the Queensland Environmental Protection Agency a number of incidents that may constitute non-compliance. Two of them relate to discharges at the main Curragh mine and three to issues linked to the Curragh North low wall matter referred to earlier in this report.



Water truck spraying to suppress dust on mine roads at Curragh.

National Pollutant Inventory (NPI) Emissions notifiable under the NPI were estimated for particulate matter, oxides of nitrogen, polycyclic aromatic hydrocarbons and chromium (III) compounds. Data for the 2004/2005 reporting period was submitted to the EPA. Detailed information is available at: www.npi.gov.au.

Health and Safety We are not aware of any potential non-compliance during the year with health and safety legislation or other health and safety requirements.

Although the statutory requirement is for tests at least every five years, our employees and permanent contractors are required to have a Coal Board Medical (CBM) at least every three years.

Each new employee or permanent contractor who does not have a current CBM is required to undertake the assessment. An annual health review is also a requirement for our employees and permanent contractors.

Non-permanent contractors are required to have a health assessment as part of the induction process.

We measure compliance with our alcohol policy through testing of all personnel entering the mine site on a particular shift. The shift is randomly nominated by the Executive General Manager. Personnel attending site induction are also breath-tested. A total of 56,630 tests were conducted with 136 positive tests.

Everyone attending site induction and all those completing CBMs are drug-tested. Random drug testing is carried out via a computer-generated list. Ten tests per nominated shift are conducted with the shifts being selected by the Executive General Manager.

The total number of tests carried out during the year at site inductions was 2,344, with 52 positive tests recorded. A total of 489 random drug tests were conducted and 13 were positive.

Those people returning positive results to either alcohol or drugs screening were subject to disciplinary procedures which range

from counselling to, ultimately, dismissal as provided by our Safety Management System.

Licensing and approvals We are not aware of any potential non-compliance during the year with licensing or approval conditions or other requirements, except as set out under 'Environmental'.

MANAGEMENT SYSTEMS

Environmental Management System (EMS) Our EMS continues to be developed to address specific environmental aspects of our operations.

Safety Management System (SMS) The SMS and Standard Operating Procedures (SOPs) are 'living' documents - that is, changes are made as issues are identified by audit procedures, employee consultation and risk assessment processes.

Other management systems The SiteSafe database allows immediate recording of incident and injury data. The database is accessed through our intranet where standard forms are completed online by the person recording the incident or, in the case of an injury, by the site paramedic. Relevant information for each incident and accident is recorded and immediately stored in the database. Statistical information can be retrieved from the database to indicate trends and problem areas.

Our WorkCover-accredited injury and illness rehabilitation policy and rehabilitation programme are communicated to new employees at induction. Our rehabilitation programme is provided to employees who have either work or non-work related injuries or illnesses.

Policy Our Environmental Policy is displayed in prominent places throughout our operations. Our Health and Safety Policy is displayed in prominent places throughout the workplace and circulated to all personnel attending induction. Both policies also appear on our intranet.

Environmental

AIR (ATMOSPHERIC EMISSIONS)

Dust We continued to monitor ambient dust to gain an understanding of potential impacts we may have on the environment in which we operate and to ensure compliance with legislative requirements. We monitor by fallout and high volume methods. Thirty-four of 275 dust fallout samples collected indicated dust concentrations greater than allowable levels. On further investigation, we identified that of the 34 exceedances, 32 were attributable to excess dust and two were influenced by other factors. In the reporting year we received about 68 per cent of our average annual rainfall, slightly higher than the previous year. No exceedances were identified from monitoring using our high volume samplers over 40 sampling events.

Greenhouse gas emissions We are now a participant in the Commonwealth Greenhouse Challenge Plus Programme and in June 2006 we signed a Cooperative Agreement. Though we are yet to implement any significant initiatives we will submit our 2004/2005 report during the 2006 calendar year detailing our progress under the programme.

Our total greenhouse gas emissions were estimated to be 792,357 tonnes of carbon dioxide equivalent, up 27 per cent on last year. This equates to 5.55 tonnes of carbon dioxide equivalent per Million BCMeq, up 12.3 per cent on last year.

The only other source of greenhouse gas emissions that we are aware of is related to waste disposed off-site and fuel used by our small passenger fleet and as we did not measure the relevant quantities we were unable to estimate associated greenhouse gas emissions.

The greenhouse gas emissions were largely due to fugitive emissions (50 per cent), electricity (27 per cent), diesel fuel (22 per cent) and explosives and waste disposal (less than one per cent), see Figure 1.

Noise We did not comply with limits specified for noise associated with blasting activities. We have identified the need to improve our capabilities with respect to blast monitoring.

Other emissions We had no emissions of ozone-depleting substances such as chlorofluorocarbons (CFCs), halons, carbon tetrachloride, hydrochlorofluorocarbons (HCFCs),

hydrobromofluorocarbons (HBFCs), methyl bromide or bromochloromethane (BCM) during the year.

We have not yet prepared our report to the NPI for the 2005/2006 reporting period or finalised our data estimates, however in 2004/2005 our three most significant emissions were particulate matter, oxides of nitrogen and chromium (III) compounds. Further information is available at: www.npi.gov.au.

WASTE

Solid waste Solid waste during the year consisted primarily of general waste including packaging, plastics and other solid materials.

Our total solid general waste stream during the year was estimated to be 4,640 cubic metres, up 46 per cent on last year, see Figure 4. Of this amount, we estimated that 35 per cent is recycled and 65 per cent is disposed of as landfill.

Total solid waste disposed of to landfill per Million BCMeq was estimated to be 21.14 cubic metres, up 29 per cent on last year.

Liquid waste Liquid waste during the year consisted primarily of waste oil and oily water.

Our total liquid general waste during the year was estimated to be 453,600 litres, down 18 per cent on last year. Of this amount, we estimate that two per cent is recycled and 98 per cent is disposed of to a licensed disposal facility, see Figure 2.

Solid hydrocarbon wastes such as heavy grease, oily rags and hydrocarbon contaminated soil with a total volume of approximately 112,545 litres was also disposed of in accordance with the EPA's requirements, see Figure 3.

Total liquid waste generation per Million BCMeq was estimated to be 3,176 litres, up 22 per cent on last year.

Recycling initiatives Recycling initiatives undertaken this year included researching and implementing methods to reuse our heavy earthmoving tyres. We were able to reduce tyre use by up to 60 per cent over a 12 month period through improved management, maintenance and better education and understanding. Other ongoing initiatives include our on-site land farm to manage and remediate hydrocarbon contaminated soils, the reuse of waste oil from heavy vehicles as a lubricant in our Coal Handling and Preparation Plant and the recovery of scrap steel. The recovery of scrap steel totalled 1,305 tonnes, down 47 per cent on last year.



Squatter pigeons are part of the Curragh North wildlife.



Rehabilitation in progress at Curragh.

Figure 1: Greenhouse Gas Emissions (CO₂e) Tonnes

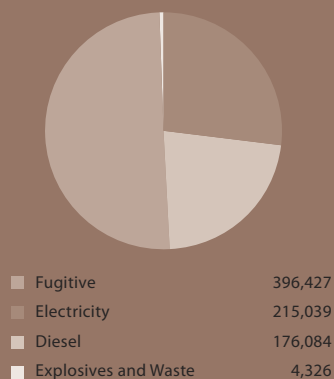


Figure 2: Liquid Waste (litres)

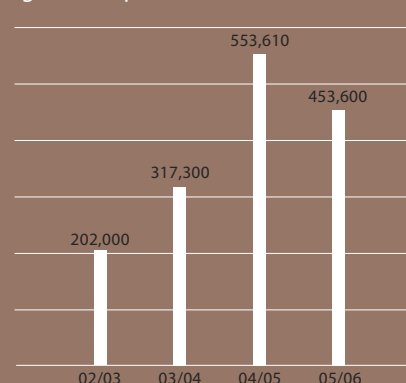


Figure 3: Solid Hydrocarbon Wastes (litres)

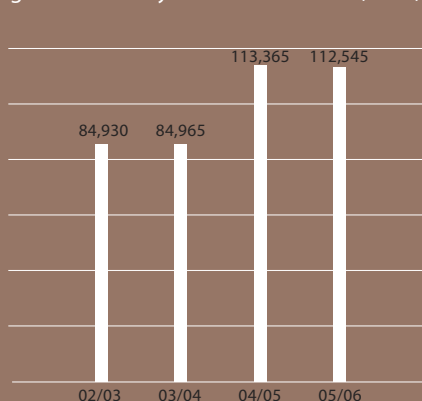
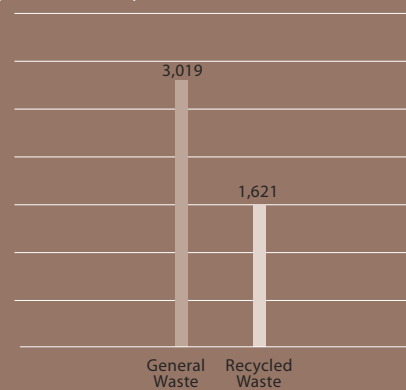


Figure 4: General Waste Volumes (cubic metres)



LAND

Flora and fauna We continue to sponsor flora and soil erosion studies on areas of rehabilitated land emergence.

A flora study project to monitor species emergence being carried out by the University of Queensland's Centre for Mined Land Rehabilitation will continue for another six months.

The field work for the first two years of the five year soil erosion project reported last year has been completed. This work is being undertaken by the Queensland Department of Natural Resources, Mines and Water and will continue for another three years.

The knowledge we gain from these research programmes enables us to develop a greater understanding of the likely long-term success of our land rehabilitation efforts.

A Nankenen Kestrel nest was also located during an upgrade of a train loadout area. Since identified, permits from the Queensland Parks and Wildlife Service were obtained and the nest was relocated by contractors with assistance from our environmental team. Monitoring to date has indicated that the nest is not active.

We completed studies into the significance of vegetation at two locations proposed for disturbance as a result of the relocation of one of our draglines from Curragh to Curragh North. The study by independent consultants was completed in accordance with guidelines specified for the assessment of ecosystems under the Commonwealth Environmental Protection and Biodiversity

Conservation Act 1999. The study areas were not considered significant under the Act. The dragline walk was completed under our specific disturbance procedures which form part of our EMS.

We are continuing our commitment to manage an area of land cleared of brigalow woodland (*Acacia harpophylla*) for our access road to Curragh North, rehabilitating an area of land cleared of brigalow woodland as a result of historic land use and preserving and maintaining a compensatory area of brigalow woodland at Curragh North. These commitments have been made under specific management plans in agreement with the Commonwealth Department of Environment and Heritage under the legislation referred to above.

Contamination Contaminated sites continue to be monitored and managed with our on-site landfill being checked every six months to identify any contaminant migration issues.

Validation of the removal of contaminated soil from a former cattle dip at Curragh North has been completed. We will construct and commission an entombment cell to hold the organochlorine and arsenic contaminated soil from the cattle dip site.

Rehabilitation Mining began in 1983 and since then 6,042 hectares of land have been disturbed by mining and associated activities. Revegetation commenced in 1987 and 908 hectares (or 15 per cent of the disturbed land) have now been rehabilitated. During the year, 419 hectares of land were disturbed by mining and associated activities and 60 hectares were rehabilitated.



Environmental Officer Sara Cooke inspects brigalow woodland at Curragh North.



Excavator mining coal in two metre benches at Curragh North.

RESOURCE USAGE

Energy Energy use during the year related primarily to the operation of draglines, our Coal Handling and Preparation Plant (CHPP) and diesel-operated equipment.

Total energy consumption was estimated to be 2,937,764 gigajoules, up 32 per cent on last year.

Our total energy consumption per Million BCMeq was estimated to be 20,566 gigajoules, up 16 per cent on last year.

Energy sources are detailed below.

Fuel Petrol and diesel accounted for 77 per cent of our total energy consumption by gigajoule. Our petrol and diesel consumption was estimated to be 55 kilolitres and 58,695 kilolitres, respectively.

Electricity Electricity accounted for 23 per cent of our total energy consumption by gigajoule. Our electricity consumption was estimated to be 186,191,196 kilowatt hours.

Other materials Explosives were a major consumable with 24,493 tonnes used during the year, an increase of 13 per cent on last year.

The overall powder factor increased from 0.397 kilograms per BCM last year to 0.428 kilograms per BCM this year, a five per cent increase. Powder factor is the ratio of weight of explosives used to a blast unit of material.

WATER

Consumption Water use during the year related primarily to coal washing in our CHPP, suppression of dust on our haul roads and water for civil construction purposes at Curragh North.

Total water consumption was estimated to be 3,388 megalitres, up 37 per cent on last year, see Figure 5.

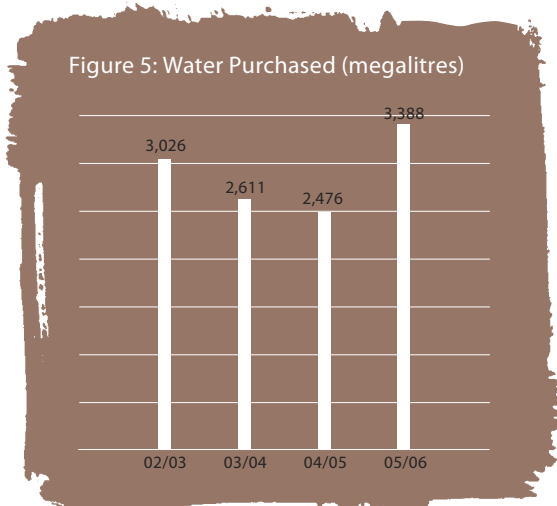
Our total water consumption per million BEMeq was estimated to be 23.7 megalitres, up 18.5 per cent on last year.

As mentioned earlier in this report, we have a renewed focus on reducing the use of purchased water by placing greater emphasis on recycling. About \$3 million has been budgeted for that work in the 2006/2007 year.

Reuse and recycling A full water management system of 23 retention dams holds the water that runs off from the CHPP and mining areas, pumped from the pit area or returned from the fine tailings pit.

Water from the retention dams is used by the CHPP and for dust suppression on haul roads. Water fill points for trucks engaged in dust suppression are located at five of the retention dams. Each water truck has the capacity of 72,000 litres.

Discharges to surface and groundwater We have reported to the EPA a discharge of mine pit water into the Blackwater Creek as mentioned in the Compliance section of this report.



Safety and Health

Lost time Our LTIFR was 4.9 (compared with 2.9 last year) see Figure 6 and, during the year, there were 10 LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was nine (compared with 17 last year). These statistics include contractor hours and injuries.

Safety statistics are distributed and discussed by management each month and reported to our Board every two months.

Workers compensation There were six workers compensation claims reported, relating to occurrences during the year, compared with 15 last year, see Figure 7.

HAZARD AND RISK

Programmes To enhance our employees' skills and knowledge in identifying hazards and conducting risk assessments, a revised training programme in the development of Job Safety Analysis in conjunction with our Standard Operating Procedures (SOP) began in May 2006 with 124 employees attending.



Physiotherapist Phill Dee explains the importance of lower back health to Health and Safety Assistant Penny Donald.



Apprentice Shane Stewart (left) being equipped with a personal dust monitoring machine by Andrew Batterson.

Emergency response Our Emergency Response Team personnel are trained and competent to respond to on-site emergencies and emergencies at neighbouring mines and respond to off-site emergencies and work under the direction of statutory emergency authorities. Consultation with our external training providers continues in order to improve our crisis management capabilities.

Materials handling and storage The database used to register chemicals is Chem Alert. Our employees and contractors are advised about the system at induction. The database is accessible via our intranet and is updated when chemicals are either approved for use on-site or removed from site. We are currently progressing the upgrade of our hydrocarbon storage facilities to ensure they are compliant to AS1947 as specified in our Environmental Authority.

Risk assessment A risk assessment form is available to all employees and contractors across the mine site. The form is designed for ease of use and is used where necessary to do a risk assessment on a task or to perform risk assessments on SOPs. It accords with AS 4360.

Employee wellbeing An influenza inoculation programme was again offered to employees and 78 employees had injections. This programme was carried out by our nominated medical adviser who also visited the site during the year to consult with employees

and management. Occupational therapy services are provided at the mine on an average of four times a month. The occupational therapist reviews work and non-work musculo skeletal injuries. A physiotherapist is available for employees for work and non-work-related injuries. The physiotherapist is also used for pre-employment functional assessments.

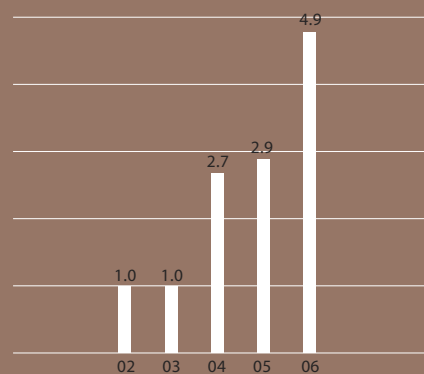
Community

Stakeholders Our stakeholders include our employees, our customers, our suppliers and other contractors, relevant government agencies, local communities in which we operate and shareholders in our parent company, Wesfarmers Limited.

During the year we continued cultural heritage assessment and mitigation at both our Curragh and Curragh North operations. We also committed \$2,500 to the feasibility assessment for a cultural centre for the township of Duinga.

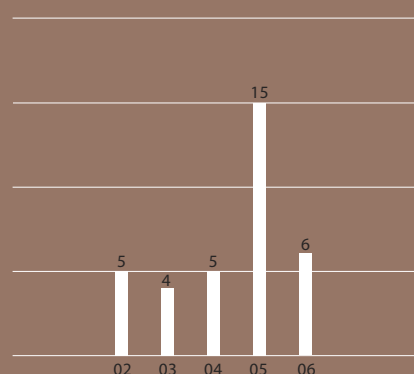
Feedback/Complaints Three complaints were received, two with respect to dust reportedly generated from our Curragh operations and one related to a contractor driving on private property. All such complaints are formally recorded in our Incident Management System and referred to appropriate employees for attention and implementation of corrective action if necessary. A study has been commissioned to better understand the

Figure 6: Lost Time Injury Frequency Rate*



*1 July 2001 - 30 June 2006 (as at 30 September 2006)
Contractor hours and LTIs included

Figure 7: No. of Workers Compensation Claims



Case Study : The Zero Incident Process (ZIP) In August 2005 we introduced the ZIP Safety Culture programme to our broader workforce. ZIP is designed to empower people to make effective choices regarding their personal safety.



Curragh employees getting roped in to ZIP.

The programme consists of training modules for leaders and teams. The first dealt with concepts such as how the brain works, how the brain can be used to keep us safe and how our safety is affected by our belief systems and attitudes. Participants were encouraged to use their five thinking patterns to more readily identify issues which may affect personal safety in all aspects of their life.

Module two, a month later, focused on interaction with others. It concentrated on how to develop effective teams and productivity while helping to reduce personal risk. The Leaders ZIP designed for supervisors and managers, is an in-depth look at issues such as safety attitudes, stress management, active safety leadership attitudes and safety straight talking.

The modules introduced the concept of seven mental processing units. The course also dealt with the DIPI concept - the things that are dangerous, important, pleasurable and interesting

to people - as well as what is known as our CD Stacker - data collected in the brain. Specific actions were included relating to the "BIG5" of good safety practice. These are:

- Safety Control - I'm responsible, I'm in control
- Risk Awareness - I see it, I manage it
- Operating Attitude - How I operate drives how I operate
- Stress Management - I'm feeling it, I'm channelling it
- Professional Orientation - I do it well, I make it better

The BIG5 is now being incorporated into our safety training programmes. We were also encouraged to develop our personal BIG5 - that is, what is important to each of us.

In June 2006 we began a one day programme for contractors designed to give them an overview of the ZIP programme so that they have an understanding of our safety culture.

movement of dust from our operations to allow us to implement improvements in site management if required.

Liaison with authorities We regularly liaise with the Department of Natural Resources and Mines.

COMMUNICATION

Newsletters and reports Monthly health and lifestyle brochures are sent to employees' homes. Significant milestones, statistics and relevant information are passed on to employees by the Executive General Manager at safety meetings and on noticeboards. A daily bulletin has also been introduced via the intranet to report incidents to employees.

Website Our website www.curraghcoal.com.au includes information about our operations for the community, including environmental, safety and health information relating to our business.

Liaison groups We are a corporate member of the Queensland Resources Council, Fitzroy Basin Association, Greening Australia and the Central Queensland Mine Rehabilitation Group.

We hosted a Central Queensland Mining Rehabilitation Group meeting and site visit. This group provides a forum for environmental professionals, regulators and consultants to discuss and review performance at a regional level.

COMMUNITY SUPPORT

Research We continue to support industry research projects through the Australian Coal Association Research Programme.

We recently committed to providing support to research that will identify spatial distribution of the ornamental snake which is classified as an endangered species under Commonwealth legislation.

Priorities for the Future

- 07 PRIORITY
Full implementation of our EMS.
- 07 PRIORITY
Upgrade water management infrastructure.
- 07 PRIORITY
Complete all hydrocarbon storage facilities improvement.
- 07 PRIORITY
Zero LTIs.
- 07 PRIORITY
Establish regular stakeholder consultation with the Blackwater community.
- 07 PRIORITY
Complete a site security upgrade.
- 07 PRIORITY
Train our employees and contractors in the use of the First Priority database system.



Contract Administrator Josh Burke (left) and land holder John Warren who was relocated as part of the Curragh North project.

SECTION


BUSINESS PROFILE

3

Premier Coal

We mine coal at the Premier open cut in Collie, about 200 kilometres south of Perth in Western Australia.

During the year we sold 3.7 million tonnes of low-sulphur, low-ash steaming coal, primarily to major power generating stations. We also supply coal for a variety of industrial and agricultural applications. We employ about 280 people engaged in overburden removal, coal production, plant maintenance and site rehabilitation.



Operator Shane McGuinness uses a newly installed ladderway for safer access onto an excavator.

Our Priorities & Outcomes 2005 - 2006

06 PRIORITY

Achieve full environmental compliance.

06 OUTCOME

Not achieved. We experienced one water discharge caused by higher rainfall than expected. No environmental fines incurred or prosecutions initiated against us.

06 PRIORITY

Maintain ISO14001 EMS standard.

06 OUTCOME

Achieved. Successfully passed triennial audit.

06 PRIORITY

Progress rehabilitation of mined areas.

06 OUTCOME

Achieved. Shaping and planting work undertaken at Premier and Western 5 Areas.

06 PRIORITY

Develop refresher environmental training package.

06 OUTCOME

Not achieved. The development of this package was delayed due to assessment of alternative induction and training programmes.

06 PRIORITY

Reduce hydrocarbon spillage.

06 OUTCOME

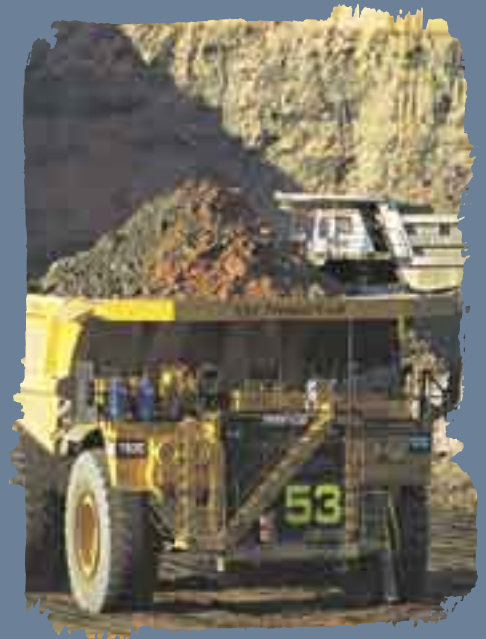
Achieved. During the programme we achieved a 37 per cent reduction in oil loss per BCMeq.

06 PRIORITY

Continue with development of 'value-added' rehabilitation and mine closure outcomes.

06 OUTCOME

Achieved. Working group progressed with infrastructure plans and risk assessments. Research and development into aquaculture progressed.



06 PRIORITY

Halve our LTIFR with an ultimate aim of zero LTIs.

06 OUTCOME

Achieved. LTIFR reduced from 18.1 to 6.6.

06 PRIORITY

Implement Fitness for Work programme.

06 OUTCOME

Not achieved. Discussions continuing with employees for likely implementation in early 2007.

06 PRIORITY

Upgrade our internal safety audit and inspection system.

06 OUTCOME

Not achieved. Progress has been made on the design and scheduling of audits and inspections leading up to the implementation of the First Priority HSE recording system.

06 PRIORITY

Align Safety Management System (SMS) to an auditable standard.

06 OUTCOME

Not achieved. Deferred pending implementation of Wesfarmers Energy safety programme

Overview

The main challenges facing our business on an ongoing basis are maintaining a safe operation and minimising any adverse impact on the environment or the local community.

In dealing with this challenge, the three main environmental areas on which we focused our attention during the year were noise management, waste management and mine closure outcomes.

Equipment noise did not raise concern for our neighbours and this and our blasting noise performance were well within compliance requirements.

Waste management included the minimisation of landfill and maximising recycling of wastes such as hydrocarbons, metals, tyres, paper, cardboard and plastics. Total solid general waste rose by 33 per cent but we had an increase of 43 per cent in the amount recycled. We achieved 88.4 per cent recycling efficiency, just short of our 90 per cent target.

An additional 24 hectares of land was disturbed by mining and associated activities and this was balanced by 21 hectares of rehabilitation.

A major highlight for the year was winning the Western Australian Department of Industry and Resources Golden Gecko Award for Environmental Excellence.

The two main safety areas on which we focused our attention during the year were the implementation of the S.T.A.A.R. (Stop, Think, Assess, Act and Review) personal risk assessment programme and the prevention of strain and fall-related injuries to mobile plant and equipment operators through an access/egress training programme.

Implementation of the S.T.A.A.R. programme began in October 2005 with a series of workshops and the process was completed in June 2006.

About half of our operators have now been trained using external ergonomist and physiotherapist services in injury prevention related to using mobile plant and equipment.



Safety/Training Coordinator Gary Giblett conducts induction training for contractors.

Business management

TRAINING

Environmental Environmental training is conducted at induction of new employees and contractors. Toolbox meetings provide an opportunity for additional training and job-specific environmental training is conducted as necessary.

Health and Safety Implementation of our Fitness for Work programme was not possible last year because of discussions over enterprise bargaining agreements. Negotiations are continuing with employee groups on the detail of the Policy and Procedures. Implementation is expected in early 2007.

We continue to run a monthly physiotherapy clinic as part of our injury management programme. This programme is aimed at musco-skeletal injuries incurred at work and off-site, ensuring that these injuries are not aggravated and advice is given covering issues such as task modification and strengthening exercises.

Free influenza shots were offered to employees with 102 employees (31.5 per cent of our workforce) taking up this programme.

Three of our Safety and Health Representatives attended a transitional training course for previously-trained Occupational Safety and Health representatives. The purpose of this course was to update them on new requirements arising from changes to the Mines Safety and Inspection legislation.

A supervisors training day was conducted and included a session on hazard/incident investigation.

As required by legislation, four recently-appointed Safety and Health Representatives attended an Introductory Course. This course provides them with the necessary skills in hazard identification, accident investigation and resolving safety issues.

In addition to the training mentioned above, our Safety and Health Representatives and some supervisors attended a Department of Consumer and Employment Protection Resources Safety 'Mine Safety Road Show'. This was a seminar on the latest development in the changes in the Mines Safety and Inspection legislation and approaches to managing risks in mines, including a section on mines electrical safety.

We sent a delegation of Safety and Health Representatives, supervisors and managers to the Chamber of Minerals and Energy 2006 Occupational Safety Health Conference 'Delivering Outcomes: A Case for Safety'. They also attended the National Mining Safety Innovation Awards presentations.

We revised the training competency package for access/egress onto mobile equipment and the adjustment and use of mobile equipment seating. The Access/Egress and Seating Posture and Adjustment training for mobile equipment operators is conducted one-on-one by a physiotherapist/ergonomist. Each operator needs to prove competency as part of the training in access to and egress from large heavy machinery as well as instruction on seat adjustment and positioning as part of the pre-start set up. This training is necessary from time to time to reinforce safe working procedures and prevent injury.

Training of our supervisors in accident investigation root cause analysis commenced using a system called Incident Cause and Analysis Model, used by many organisations. It is planned to train all supervisors and Safety and Health Representatives in this methodology.

Emergency We have a crisis and emergency management manual and procedures that specify contingencies for responsibilities and actions in the event of an emergency or crisis.

We continue to maintain a level of first aid response skills amongst our employees by making first aid courses available during work hours. We conducted an on-site one-day audit of Occupational Health First Aid course training for a total of 12 employees and we

sent two employees to an off-site occupational first aid course and four employees to a senior first aid course.

The total number of employees with current first aid qualifications stands at 24. We scheduled 10 one-day training sessions for volunteer mine rescue emergency team members. These were spaced at approximately four weekly intervals and included people from various departments.

The membership of our mine rescue emergency team remains at 15.

For existing members we conducted a series of refresher and update courses to maintain their emergency response skills and to ensure each member can access, lead and control an emergency for any given shift configuration.

The mine rescue team attended a two-day hot fires training course at a specialised training ground in Jandakot. All attendees achieved the competency which included assessing fires and fire fighting techniques for various fuelled fires.

A new initiative this year was to expose our mine rescue team to actual first aid situations. In agreement with St John Ambulance in Bunbury, we sent members of the team to spend a day with a St John Ambulance paramedic crew. This has given each member attending a better appreciation of the skills required when dealing with actual incidents involving injured and ill persons. This programme will continue into 2007.

Our mine rescue training involved a number of scenarios including the use of breathing apparatus, search and rescue, fire fighting, advanced first aid, environmental response, and rescue from height, depth and confined space. Part of our training routine also requires regular checks of all emergency and fire fighting equipment.

We participated in the WA Chamber of Minerals and Energy's South West Emergency Skills Competition workshop in preparation for a skills challenge between Emergency Response teams across the South West mining and processing community.

We met with the Collie Local Emergency Management Action Committee (LEMAC) as part of an annual review of its emergency plan.

We maintained and serviced all fixed and portable fire systems in accordance with the Australian Standards to a high level of

readiness. Our automatic systems are monitored 24-hours a day through a system which indicates any alarm systems or faults back to our Pit Controller. This also enables mine rescue team members to be automatically called through a voice system activated from either the maintenance supervisor's desk or pit control. We have an evacuation and public address system in our administration building.

COMPLIANCE

Environmental We are not aware of any potential non-compliance during the year with environmental legislation or other environmental requirements, except as set out below.

During the year we had one non-compliance with an elevated manganese level in a discharge from the Western 5H mine lake due to higher rainfall than expected. We have been filling this lake with water as part of the rehabilitation strategy. We conducted soil testing downstream and, to the best of our knowledge and understanding, the discharge had no effect on the environment. The Department of Environment (DoE) was advised and have taken no action following an inspection of the downstream area. No environmental fines were incurred or prosecutions initiated against us.

National Pollutant Inventory (NPI) Emissions notifiable under the NPI were estimated for the 2005/2006 reporting period and submitted to the DoE. Detailed information will be available on their website in due course at www.npi.gov.au. All our substance emissions for last year were ranked by the NPI as 'low' and we expect this year to be no different.

Health and Safety We are not aware of any potential non-compliance during the year with health and safety legislation or with other health and safety requirements.

We operate under the requirements of the Mines Safety and Inspection Act 1994 and Mines Safety and Inspection Regulations 1995.

Changes to the Mines Safety and Inspection Act occurred during the year and have been communicated to our senior managers and safety and health committee.

In accordance with regulatory requirements, we continued our Mine Workers Health Surveillance programme and renewed certification of hearing testing equipment.



Access and egress to mobile equipment, a feature of safety training.

All new mine rescue team members were medically and physically assessed and considered fit to be involved as team members to the requirements of the Department of Industry and Resources (DoIR).

We maintained communication and consultation with employees through 11 elected Safety and Health Representatives on our Occupational Health and Safety Committee.

An audit of our chemicals inventory and ChemAlert database was completed and updated including a reconciliation of Material Safety Data Sheets stored in hard copy manuals across our site. The ChemAlert system assists in managing dangerous goods and hazardous chemicals storage and the separation distances of potentially reactive substances.

Licensing and approvals We are not aware of any potential non-compliance during the year with licensing or approval conditions or other requirements, except as noted above under 'Environmental'.

Our main Licence to operate is No. 5094 issued by the Department of Environment. This was renewed in October 2004 for a two-year period. Our Dangerous Goods licence was renewed in 2005 for a further one year. We have been advised of draft legislative changes which will serve to increase compliance with new national dangerous goods security requirements.

Management systems

INTEGRATED MANAGEMENT SYSTEM

Environmental Management System (EMS) We have a certified ISO14001-standard EMS which is designed to identify and manage any potential risks through procedures for key work activities and monitoring requirements. The EMS covers our government-approved environmental management programme and extensive legislative and licence conditions.

The EMS was subject to two audits during the year, a surveillance audit and an extensive triennial audit designed to assess renewal of certification for a further three years. 'Areas of concern' identified included housekeeping issues, training and competency assessment, hydrocarbon management and incident reporting. On a positive note, the auditors said that our EMS was fundamentally sound and well maintained with well-defined risks and appropriate control systems and procedures. They also noted monitoring and reporting of environmental performance was well done and particularly commended our external communication of environmental matters. Certification was renewed.

The auditors stated that "the organisation has demonstrated high levels of corporate and community leadership with the development and implementation of its sustainability initiatives."

As part of our ongoing commitment to the environment, we continued as a signatory to the Australian Minerals Industry Code for Environmental Management, the Commonwealth Government's Greenhouse Challenge Plus programme and the Western Australian Cleaner Production Statement.

Safety Management System (SMS) Our SMS is the RiskMap Safety Management System made up of 66 standards.

Inspection systems form part of the monthly routines of our operations departments.

An initial assessment of compliance to AS4801 was conducted by Wesfarmers Energy's Safety and Health Manager and further work was deferred pending implementation of the Wesfarmers Energy Safety programme.

Significant work has also been done towards the implementation of an integrated Wesfarmers Energy, Health Safety and Environmental Management System. Consultation between all business units continues and it is expected the new system will be introduced early in 2007.

Our Occupational Health and Safety (OHS) committee meets monthly and reviews a range of topics, programmes and issues. A change to our safety meetings format this year was to combine the maintenance and production groups into a single meeting forum. The content of each meeting is structured to convey information on serious potential incidents, changes in our safety programme, topics for training and general feedback to allow safety issues to be raised, minuted and actioned.

Any issues that are not resolved at the combined group meeting are referred to the OHS committee.

Policy Our Environmental and Safety and Health Policies remained in place. The Environmental Policy is available on our website at www.premiercoal.com.au.

Environmental management remained one of our highest priorities. Our guiding policy principle is to take responsibility for minimising the impact of our operations on the environment and to be open and accountable to all our stakeholders.

Environmental

AIR (ATMOSPHERIC EMISSIONS)

Dust There was one dust complaint this year originating from a passing motorist. We concluded that the noticeable dust level was due to dry conditions and a breeze causing migration from the site

Figure 1: Dust Monitoring (microgm/m³)

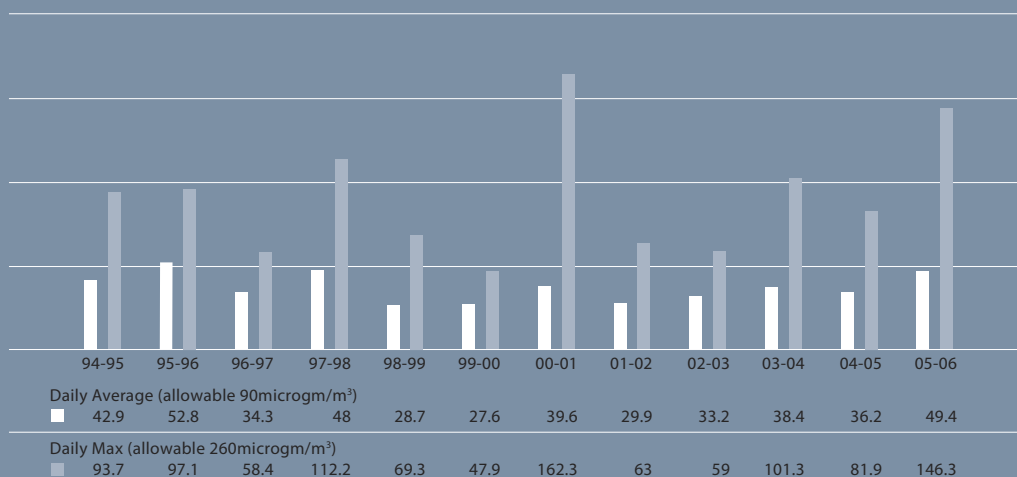


Figure 2: Total CO₂ Emissions by Source

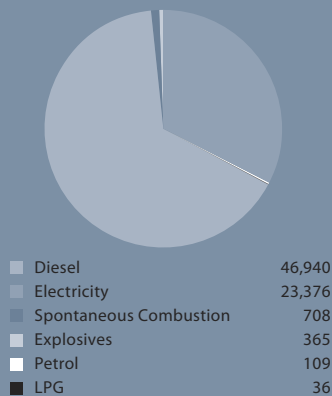


Figure 3: Premier Mine Blasting

	Buckingham	Griggs
<125dB(L)	100%	100%
<120dB(L)	99.5%	100%
<115dB(L)	97.4%	100%
Av dB(L) when triggered	103	114
Total Blasts	616	616
Not Triggered	418	615

Figure 4: Premier Mine Blasting Buckingham Monitor

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total No.	70	165	262	271	261	349	477	596	547	559	473	616
Not Triggered	27	49	149	191	197	297	299	443	353	377	385	418
No<115	64	149	242	261	254	343	455	586	541	550	464	603
%<115dB(L)	91.4	90.3	92.4	96.3	97.3	98.3	95.4	98.3	98.9	98.4	98.1	97.4
Average dB	110	106	106	106	101	102	102	101	104	102	104	103

across the Coalfields Highway. Whilst the event, according to our monitor, was not a compliance issue we put in place additional procedures which will restrict activities during dry periods to minimise the likelihood of further concerns.

Dust at our mine is mainly generated on roads, dumps and cleared areas and is only a potential problem during the drier months of the year which is when we conduct our regular monitoring. Results include dust from the mine site and external sources. They are annualised, causing exaggerated levels in relation to our stated dust emissions.

Dust levels were well within licence conditions with a daily average level at nearby Buckingham of 49.4 micrograms per cubic metre and a daily maximum of 146.3 micrograms per cubic metre, both up on last year (see Figure 1). The elevated daily maximum was due to dust from Hebb Road maintenance activities to the east of Buckingham and not associated with our mine operation.

Management strategies include restricted surface operations in adverse conditions, minimised clearing, rapid rehabilitation when possible, tar sealing major mine road arteries and application of water to suppress dust on roads and operational areas.

Odour Spontaneous combustion of coal can cause an unpleasant odour but there were no complaints this year.

Greenhouse gas emissions We are a participant in the Commonwealth Greenhouse Challenge Plus Programme. As part of our participation, we submitted our 2004/2005 report during the year.

Our total greenhouse gas emissions were estimated to be 71,611 tonnes of carbon dioxide equivalent, up 20.3 per cent on last year. This equates to 2.64 kilograms of carbon dioxide equivalent per BCM equivalent, down 10.5 per cent on last year (see Figure 2).

The only other source of greenhouse gas emissions that we are aware of is related to burning of residual forest waste after harvesting in the clearing process and as we did not measure the

quantity of these emissions we were unable to estimate associated greenhouse gas emissions. We have also not included carbon credits associated with rehabilitation of cleared land.

The greenhouse gas emissions were largely due to diesel usage (66.3 per cent) and electricity consumption (33 per cent).

Noise There were no complaints during the year for general mine noise and we were again able to achieve a low triggered blasting level average, 103dB(L), with no blast exceeding the legal limit of 125dB(L) (see Figures 3 and 4).

The highest recorded blast was 124 dB(L) while 97.4 per cent of the blasts were below 115dB(L). There was a 30 per cent increase in the total number of blasts to 616 and the percentage of blasts triggering the monitor, set to trigger at 115dB(L), increased from 19 to 32 per cent. We had only one complaint for blast noise. This was from a distant neighbour for a blast that was well within compliance. It is believed that a significant temperature inversion caused increased reflection of the noise to that location.

Independent building condition surveys are available to all nearby neighbours but, to date, no survey has attributed structural defects to our blasting.

Other emissions We had no emissions of ozone-depleting substances such as chlorofluorocarbons (CFCs), halons, carbon tetrachloride, hydrochlorofluorocarbons (HCFCs), hydrobromofluorocarbons (HBFCs), methyl bromide or bromochloromethane (BCM) during the year.

Our report to the NPI for the 2005/2006 reporting period, estimated our three most significant emissions as particulate matter (11,558,568 kilograms to air), oxides of nitrogen (619,236 kilograms to air) and carbon monoxide (271,486 kilograms to air). Further information will be available at: www.npi.gov.au in due course. All our substance emissions for last year were ranked as 'low' by the NPI and we expect the same for this year.



Releasing a Brushtail Possum captured in the autumn faunal survey.

WASTE

Solid waste Solid waste during the year consisted primarily of metals and cardboard.

Our total solid general waste stream (not including scrap metals and tyres which are separated for recycling) during the year was estimated to be 1,472 cubic metres prior to compaction, up 33 per cent on last year. Of this amount, 45 per cent was recycled and 55 per cent was disposed of as landfill. Recycling efficiency for general waste reduced slightly from 89.7 per cent to 88.4 per cent, just short of our target of 90 per cent. Recycling efficiency is the actual percentage of material recycled compared to the potential maximum material available to be recycled.

Total solid waste disposed of to landfill per million bank cubic metres (MBCM) was estimated to be 29.9 cubic metres, down 6.6 per cent on last year.

Liquid waste Our key liquid waste during the year was used and recovered hydrocarbon products captured by evacuation systems or the Dissolved Air Flotation (DAF) plant. The DAF plant treats run-off and vehicle wash down waters in the maintenance and fuel bay area if required. The flotation system remained off-line during the year as the silt traps and oil skimmers produced adequate quality water for discharge.

Recovered liquid hydrocarbon waste during the year was estimated to be 202,500 litres, up 21 per cent on last year. In addition, we collected for recycling 12,600 litres of oily water, 3,400 litres of coolant and 5.2 cubic metres of oil filters, also taken for recycling. Waste oils were disposed of at a licensed disposal facility where it was recycled to produce low-grade oils or fuel oil. Total hydrocarbon waste generation per bank cubic metres equivalent was estimated to be 0.008 litres, down seven per cent on last year.

Due to the hydrocarbon management programme, the amount of oil losses was reduced from last year by 37 per cent per bank cubic metres equivalent.

Recycling initiatives Our main waste streams - including used oils, metal scraps, cardboard, paper, tyres and batteries - were all recycled.

Recycling is promoted through the provision of bins at work for employees' domestic requirements. We also continued to help



Fitter Bill Clazie checking hoses on an excavator as part of the hydrocarbon management programme.

drive the Collie Tidy Towns Programme which was successful in winning the National Tidy Towns Award for 2006.

A new initiative was the removal by the Ngalang Boodja Nursery of around 500 native grass trees (*Xanthorrhoea preissii*) before mining encroached on the area in which the plants were located. The nursery will benefit from the subsequent sale of these grass trees.

LAND

Flora and fauna Protection of surrounding forests is a priority, especially the spread of Jarrah Dieback. Prior to any clearing, the target area is mapped to determine dieback boundaries. Our procedures for clearing, topsoil removal/replacement and land rehabilitation, minimise the risk of spreading the fungus. Infected soils are kept separate for application only in areas with minimal risk of disease spread. Disturbed land is returned to stable, compatible bushland by using local native seeds and trees. Routine inspections identify improvement opportunities and permanent monitoring plots track vegetation uptake. Habitat logs are placed in rehabilitation areas to promote recolonisation of native fauna. Faunal surveys of our rehabilitation sites are designed to assess small to medium-sized mammals, frogs, reptiles and birds. The rehabilitation is showing good recolonisation, providing habitat for a range of representative vertebrate species. A survey this year included four new and eight past sites.

A total of 40 bird species was recorded across the rehabilitation and forest control sites in this autumn 2006 survey, compared to 36 species in autumn 2001.

Of the twenty-five species recorded in the eight rehabilitation sites, nine were not noted in the forest control sites. Among them were the Red-eared Firetail, White-breasted Robin and Common Bronzewing.

A total of six species of native mammal were recorded during this sampling period. Five species were recorded in forest control sites including two species not recorded elsewhere - the Southern Brown Bandicoot (*Isodon obesulus fusciventer*) and Common Brushtail Possum (*Trichosurus vulpecula*). The bandicoot was only recorded by its characteristic diggings but two possums were captured and scats were also located. Four bandicoots were captured in the previous survey conducted in autumn 2001, one in forest and three in rehabilitation.



Rainfall simulation to improve dump designs and the rehabilitation prescription.

The Southern Brown Bandicoot is listed as Priority 5 on the Department of Conservation and Land Management’s (CALM) Priority Fauna list. Priority 5 animals are those in need of monitoring, specifically those which are not considered threatened but are subject to a specific conservation programmes, the cessation of which would result in the species becoming threatened within five years.

Four species were recorded in rehabilitation sites including one that was not recorded in forest control sites - the Western Pygmy Possum (*Cercartetus concinnus*). Only a single individual of this species was captured.

The chuditch (*Dasyurus geoffroii*) was captured in two forest control sites and five of the eight rehabilitation sites. This species is listed as threatened under the Wildlife Conservation Act (1950 - 2005 amendment) and vulnerable under the Environment Protection and Biodiversity Conservation Act (1999). Five individuals were captured in the forest sites and 21 in the rehabilitation sites. All were marked with an individual ear tattoo number for recapture identification. Three chuditch were captured in autumn 2001, one in forest and two in rehabilitation.

A total of three species of frog were identified during this year’s survey but a large number of individuals of the genus *Heleioporus* were trapped but could not be precisely identified. Three species within this genus could potentially occur in the area but can only be confidently identified by the male breeding call. No calls were recorded during the survey.

Three frog species were only recorded in rehabilitation: Quacking Frog (*Crinia georgiana*), Bleating Froglet (*Crinia pseudinsignifera*) and Banjo Frog (*Limnodynastes dorsalis*).

No frogs were recorded in autumn 2001 but this survey was conducted prior to the commencement of heavy autumn rain which activates winter breeding frogs.

A total of 16 species of reptile were captured during the 2006 autumn survey. This included one gecko, two legless lizards, one

dragon, 10 skinks and two small venomous snakes. Seven species were captured in rehabilitation including four that were not recorded in forest control sites.

Contamination No significant site contamination has been identified. We are monitoring progress of bringing into effect the new Contaminated Sites legislation and we will be reporting under it.

Rehabilitation Mining began in 1950 and since then 2,642 hectares of land have been disturbed by mining and associated activities. Revegetation commenced in 1975 and 1,253 hectares (or 47 per cent of the disturbed land) have now been rehabilitated.

During the year, 24 hectares were disturbed by mining and associated activities and 21 hectares were rehabilitated (see Figure 5).

We believe successful rehabilitation work requires careful planning and diligent machinery operators. A key to success is correct waste rock management with materials likely to generate acidic conditions buried deep in the dump or backfill profile. Final dump surfaces are covered with a one-to-two metre blanket of inert material and spread with topsoil ready for revegetation. This year we commissioned a materials study including rainfall simulations at various mine dump sites around the coal basin. This was to improve dump designs and the rehabilitation prescription so as to minimise erosion which has become more prevalent at the Premier Mine.

Rehabilitation at the closed Cardiff Sub Basin mines continued with the Western 6-‘Sunshine’ Mine area completed. In-fill planting was again undertaken with the local Aboriginal Ngalang Boodja Nursery using seedlings raised by them. Children from the local Amaroo School assisted as part of National Tree Day.

Due to evaporation over summer, the WO-5B void (Lake Kepwari) water level dropped 0.5m. This was replaced by diversion of 439ML from the Collie South Branch. The void fill programme has

Figure 5: Rehabilitation (hectares)

Year	Pre 90	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	Total
Clearing	1,353	22	44	2	36	41	211	269	129	104	156	87.12	99.25	44.1	21.32	0	0	23.8	2,642
Rehabilitation	359	42	33	14	34	41	104	0	50	38	116	0	0	192	186.8	22.1	0	21.02	1,253



Lake Kepwari, part of Premier's innovative approach to mine site rehabilitation.

assisted acidity control considerably with the void still around 5pH - an acceptable level for active water sports.

Rehabilitation is a key part of our sustainability programme. Artificially filling the void reduced the natural fill time of 100 years down to five years, expediting the availability of the area which has a high potential for other valuable purposes such as tourism, recreation and aquaculture. The lake has a surface area of 103 hectares and is well suited to water sports such as skiing and rowing. We are part of the Lake Kepwari Working Group that is investigating development options. This year the group commissioned a risk assessment for the area and a detailed design and engineering study to guide construction of Stage One which will allow initial public access prior to any private developments.

The adjacent Collie Motorplex is based at the former Western 2 mine site and has successfully built upon existing mine infrastructure including workshops, other buildings and an extensive road network suitable for racing and training. It is a well patronised driver-training and club motor sports centre. Improvements continued this year and the complex is seeking Confederation of Australian Motor Sport (CAMs) rating. We seeded around 10 hectares of the grounds with low lying native plants.

The high winter rains saw the fill programme at WO-5H void completed, as the level rose 2.7m causing overflow. Verve Energy continued to use the lake as a temporary water supply. Research into aquaculture as a relinquishment option continued at this site. Construction of a hatchery commenced at the aquafarm under the guidance of the Centre of Excellence for Sustainable Mine Lakes. This is a group combining the research capacities of Curtin University, the University of WA, Murdoch University and Edith Cowan University.

We are a principal industry sponsor of this research group which is focused on mine lake rehabilitation, quality prediction, remediation techniques and end use options.

RESOURCE USAGE

Energy Energy use during the year related primarily to diesel for mobile plant and electricity for pumps, shovels and lighting.

Total energy consumption was estimated to be 747,620 gigajoules, up 22.7 per cent on last year.

Our total energy consumption per million bank cubic metre equivalent (BCMeq) was estimated to be 27,545 gigajoules, down 8.8 per cent on last year. Energy sources are detailed below.

Figure 6: Mine Abstraction (megalitres)

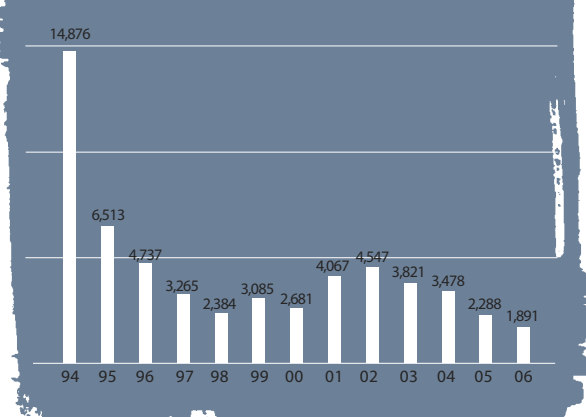
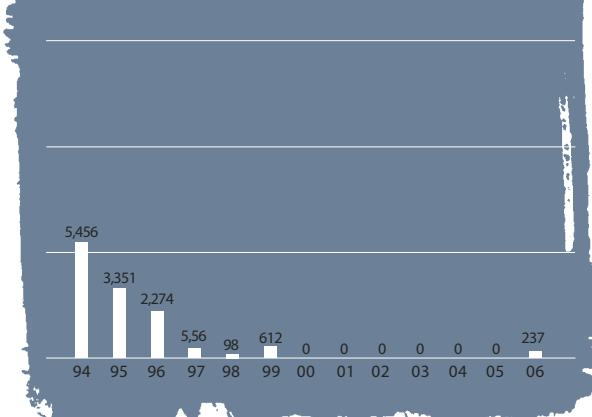


Figure 7: Water Discharge (megalitres)



Fuel Petrol, diesel and LPG accounted for 89.3 per cent of our total energy consumption by gigajoule. Our petrol, diesel and LPG consumption was estimated to be 43.45 kilolitres, 17,249 kilolitres and 20.6 kilolitres, respectively.

Electricity Electricity accounted for 10.7 per cent of our total energy consumption by gigajoule. Our electricity consumption was estimated to be 22,162 megawatt hours.

Other materials Explosives were a major consumable with 2,108 tonnes used during the year, an increase of 44 per cent on last year. The increased use of explosives reflected the increased production and increased blasting requirement in areas we mined during the year.

The overall powder factor decreased from 0.17 kilograms per bank cubic metre (BCM) last year to 0.16 kilograms per BCM this year, a 5.9 per cent reduction. Powder factor is the ratio of the weight of explosives used to blast a unit of material.

WATER

Consumption Water use during the year related primarily to dust suppression (94.3 per cent of abstraction used by us) and process water (5.4 per cent).

Total water consumption was 557 megalitres, up 8.4 per cent on last year.

Our total water consumption per bank cubic metre equivalent was estimated to be 20.5 litres, down 19.6 per cent on last year.

All our water was sourced through groundwater abstracted through bores.

All groundwater abstraction is licensed and monitored. During the year, 5.18 megalitres per day were pumped with a total abstraction of 1,891 megalitres (see Figure 6), down 17.3 per cent on last year. Of this total, 1,334 megalitres were available to be sent to local power stations - the major users in the area - thus helping to reduce overall abstraction in the Collie Basin.

Dewatering is required for safe and efficient mining in the Collie Basin. We are committed to making good any loss of water suffered by our neighbours.

To date, dewatering at the mine has not affected groundwater levels near private land or dwellings in the area.

Reuse and recycling The main infrastructure area was serviced for sewage by a treatment plant with treated water available for garden reticulation during drier periods.

Discharges to surface and groundwater We were licensed to discharge water off-site to the environment. Overflow from Sump A was 1,133 megalitres into Western 5H causing an outflow of 237 ML into the natural environment (see Figure 7). We continued to monitor adjacent river systems and maintain a database and management system for water quality, abstraction, discharge and regional waterway monitoring.

An estimated 439 megalitres of water was released into Western 5B Lake, largely to replenish summer evaporation.

Safety and Health

Lost time Our LTIFR was 6.6 (compared with 18.1 last year), see Figure 8, and, during the year, there were four LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 21.3 (compared with 40.4 last year). These statistics include contractor hours and injuries.

Safety statistics are distributed and discussed by management each month and reported to our Board every two months. The Board is also advised of serious potential incidents and we also measure restricted work injuries to gauge the severity of injuries as well as the number of people returned to work but not yet fully functional. All safety incidents are discussed at a weekly Hazard and Incident Review meetings to ensure investigations and follow-up actions are completed.

Four LTI's were incurred: an operator sustained a torn lower leg muscle ascending stairs to the nut coal load-out bin control room; an operator who was climbing down a ladder, slipped and fell to the ground twisting his knee; a supervisor stepping off a small mezzanine platform in Pit Control fractured a bone in his foot, requiring surgery some 10 months later; and a mechanical fitter was injured after using a pneumatic wrench to tighten bolts on bulldozer track cleats.

Two significant periods without an LTI occurred, the first being six months to February 2006 for the whole Premier site and the second was our Maintenance department achieving almost a year without LTI in May 2006.

Workers compensation There were 47 workers compensation claims reported, relating to occurrences during the year, compared with 46 last year (see Figure 9).

Regular reviews of all injury claims are conducted with our insurers to assess progress on outstanding claims and any injury rehabilitation plans. On-site injury management clinics are held to assess ongoing musco-skeletal injuries.

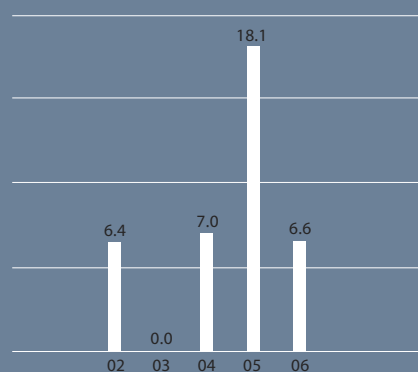
We continued to use the services of rehabilitation and vocational service providers.

Our Occupational Health Nurse is accredited to WorkCover Western Australia as a workers compensation and rehabilitation coordinator.

Our Occupational Health Nurse attended a Wesfarmers Group Risk Seminar on the new Injury Management and Workers' Compensation Legislation and Code of Practice for Injury Management.

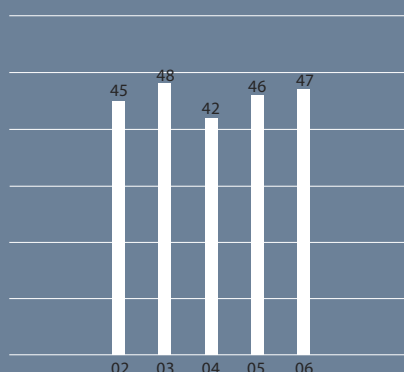
A revision of our Workers' Compensation and Injury Management procedures has commenced to ensure we comply with changes to legislation and the injury management code of conduct guidelines.

Figure 8: Lost Time Injury Frequency Rate*



*1 July 2001 - 30 June 2006 (as at 30 September 2006)
Contractor hours and LTIs included

Figure 9: No. of Workers Compensation Claims





Keith Davis (left) participates in an emergency scenario with Steven Harms during mine rescue training.

HAZARD AND RISK

Programmes We have implemented a personal risk assessment process called S.T.A.A.R. (Stop, Think, Assess, Act, Review). This has been rolled out to all employees as a method of conducting a quick risk assessment before performing any task. S.T.A.A.R. complements our other safe working procedure and risk assessment.

Hazards and incidents were captured within our hazard and incident reporting system. All hazards and incidents were reviewed with investigation outcomes and actions recorded in our Oracle Health and Safety Recording System. Any current reports and outstanding actions were reviewed twice weekly to monitor progress.

Our RiskMap standards specify the minimum requirements of our safety systems. A risk register using a rating system identifies extreme and high-rated risks for control and reduction of each identified hazard.

Our fire detection and suppression systems and equipment are regularly serviced, checked and maintained.

We have evacuation signalling systems in our main buildings and switch rooms. Procedures for raising the alarm are part of our induction and safety meetings feedback.

Annual fixed fire systems servicing and testing was completed for buildings and shovels.

Emergency response We practised our emergency management and crisis management procedures on a night shift simulating a multiple heavy vehicle collision and fatality. The crisis scenario was monitored and role-players were used to test the management team's responses to various external actions.

Mines rescue training was scheduled through the year with a structured plan for revising emergency skills.

An emergency skills self-contained breathing apparatus refresher course was conducted. We also conducted refresher courses in hazardous chemical response and breathing apparatus operations.

Fourteen employees completed St John Ambulance occupational first aid course accreditation giving us 24 employees with advanced first aid skills.

Training in the use of portable fire extinguishers was conducted for our operators and maintenance personnel.

Materials handling and storage A register of hazardous substances and dangerous goods is maintained and reviewed annually. Any new chemicals are reviewed and assessed prior to

being allowed on-site. Material Safety Data Sheets for each of our hazardous substances and dangerous goods items are maintained and available through our updated ChemAlert Material Safety database.

Risk assessment The S.T.A.A.R. personal risk assessment system, as detailed above, is supported by the provision of S.T.A.A.R. risk assessment booklets. Posters have been printed and presentations made to all employees.

Other risk reduction activities included plans for confined spaces and procedures for working safely at height. The development and production of Standard Operating Procedures for cable damage prevention was facilitated by a team-based risk assessment process. These procedures have been disseminated to employees at the at the combined Operations Safety meetings.

As a result of Griffin Coal Ltd's request to enter and mine a boundary section of our lease, we conducted a joint company risk assessment and change management process to minimise any impact on our operations and prevent incidents occurring as a result of interaction between the two operations. These matters are the subject of ongoing discussions.

Appropriate safety procedures were set up for the auctioning of the Y-Junction Facility to ensure the safety of employees and the public.

Employee wellbeing We have sponsored and engaged an Industrial chaplain, Father Ian Mabey to provide pastoral care and counselling. Father Mabey visits us each week and maintains contact with managers and all other employees.

We have health monitoring and promotion programmes in place to ensure our workforce is assessed and educated about health issues.

Influenza vaccinations were made available to all employees and contractors by having local doctors visit our site. Vaccinations were also made available at each of the local practices.

Given the age of our workforce, prostate cancer awareness and prevention sessions were conducted for all employees.

We participated in the public health QUIT smoking campaign by providing advice and information to smokers and non-smokers on the health risks associated with smoking. On QUIT day information was distributed and one more member of our workforce pledging to give up smoking.

The HealthMap medical and fitness assessment programme continues to be available to employees who wish to attend their choice of local medical practitioners and a physiotherapist to obtain a free confidential 'snapshot' report of their health status.

Employees assessed as being overweight were given the opportunity to participate in weight-loss group meetings at the Occupational Health Centre.

ACCESS Counselling conducts our Employee Assistance Programme which is available to employees and their immediate family. This is a confidential service aimed at resolving or assisting with personal issues that may have an impact on work.

We continued to issue the 'Premier Coal Health and Lifestyle Newsletter' with our quarterly internal magazine the 'Premier Post.' The 'Health and Lifestyle Newsletter' is another tool to raise awareness on being and staying healthy, at work, at home and during leisure and recreational activities. It provides plenty of useful information including regular articles on fitness, nutrition, exercise, alcohol, use of medications, interpersonal skills and other informative articles on maintaining physical and mental health.

Community

Stakeholders Our stakeholders include our employees, our customers, our suppliers and other contractors, relevant government agencies, the local communities in which we operate, and shareholders in our parent company, Wesfarmers Limited.

Feedback/Complaints We received three complaints for the year, down from seven last year. One was raised by a passing motorist concerned about visible dust from the mine. Although not a compliance issue, we modified our dust management procedure to minimise dust migration in dry spells. We had one blast complaint but this did not trigger our monitor and was again not a compliance issue. The other complaint was about our exploration activity at Wilga. The complainant was concerned about drill site location selection and general 'housekeeping'. Sites were chosen to minimise the impact of clearing and were approved by CALM based on a dieback management plan and a declared rare flora survey that showed no plants of concern. The concern about general housekeeping issues was quickly addressed.

We responded to all complainants in writing explaining the circumstances and our response actions.

Liaison with authorities We have a senior manager to liaise with all authorities to ensure that relevant government agencies are kept informed of progress on existing issues and any new issues which arise.

We hosted several tours for politicians and government agencies, such as Tourism WA, DoIR and the DoE.

Action groups We are a member of the Local Emergency Management Action Committee (LEMAC), which is part of the Police and State Emergency Services plans. Each year LEMAC reviews the emergency services plan for the Collie region.

We are represented on various committees of the Chamber of Minerals and Energy, from the executive to subcommittees, allowing us to participate in discussion of issues concerning the mining industry in Western Australia. An important aspect was participation in the south-west region occupational health and safety committee. This committee hosts educational conferences as well as emergency skills competitions between local and regional mining companies.

We were also represented on the Chamber's Environment committee, the Collie Coal Mines Environmental Committee Mining Operations Group, the South-West Environmental Forum, the Collie Tidy Towns Committee, the Collie Basin Management and Planning Group, the Collie Air Quality Technical Working Group and the Lake Kepwari Working Group.

Communication

Newsletters and reports We report annually to a consortium of government departments through the Collie Coal Mines Environmental Committee.

Information on issues and achievements was distributed in our quarterly publication 'Premier Post' which was sent to all



New hatchery building at the research aquafarm adjacent to the mine.

employees and contractors and was widely distributed throughout the community.

We also distributed to all employees and on-site contractors a summary of operations through an email and mail-out called 'Fortnightly Focus'. This aims to keep employees and contractors up to date with key performance areas such as safety and the environment.

During the year, we hosted several mine visits including school groups, universities and international delegations. We also held a Community Open Day in conjunction with the Chamber of Minerals and Energy Mine Open Day programme. The day included a mine and workshop tour, followed by a visit to Lake Kepwari and the motorplex. Skiing and wake-boarding demonstrations at the lake provided an insight for visitors into the future recreational uses of the area.

Our intranet makes available to employees information, including environmental and safety standards and procedures.

Website Our website www.premiercoal.com.au includes information about our operations for the community, including environmental, safety and health information relating to our business.

Liaison groups We have a Stakeholder Consultation Group to provide a strong community interface and improve community awareness and involvement. This group provides assessments of this report - in particular the scope, clarity, design and ease of information access - and feedback on any community concerns with current and planned operations.

During the year, the Stakeholder Consultation Group met twice and was consulted on the Char Plant development. Participants were provided data on our business status, environmental performance and community contributions.

One meeting was held with our immediate neighbours at Buckingham where we provided the same information as we did to the Stakeholder Consultation Group. The Buckingham community is particularly concerned with heritage preservation of their precinct.

Participation in various committees, noted earlier, provides a regular opportunity to liaise with a wider audience.

Community support The Schools Compact for Education Excellence continued with Amaro Primary School. The aim is to deliver improved education opportunities for children through business and school interaction and direct company support programmes.

Case Study : Golden Gecko Award & Sustainable Development The Western Australian Golden Gecko Awards are considered the most prestigious awards for environmental excellence in the state's mineral and petroleum industries. The awards aim to encourage industry improvement and develop community confidence in the sustainability of mineral and petroleum activities.



The Golden Gecko Award recognises environmental excellence and leadership.

Inaugurated in 1992, by the Department of Industry and Resources (DoIR), the awards recognise environmental excellence, leadership and a commitment to go beyond basic compliance. They provide an opportunity to exchange knowledge and improve environmental performance across the industry.

We were the recipients of this award in 2005 because of our strong environmental performance over many years and for developing sustainable mining practices through innovative community-based rehabilitation and development projects.

Sustainable development is incorporated at the company strategic planning level, and personal responsibility, practices and programmes are driven through the certified company ISO14001-2004 environmental management system. The system provides a framework for enactment of objectives and targets set during the strategic planning cycle. Research and development in this area forms a significant part of our programme.

We consult with the broader community on sustainability issues through a variety of avenues including a Stakeholder Consultation

Group and formalised meetings with immediate residents. On specific projects, consultation is done through the development of individual community working group committees to drive projects forward.

Our focus on sustainable mining is reflected in challenging yet imaginative rehabilitation programmes to leave positive legacies by converting three former mining operations into valuable community assets for future generations:

- a recreational lake with a surface area of 103 hectares;
- a motor sports and driver training complex; and
- an aquaculture precinct for research and economic development.

These 'value-added' rehabilitation projects go well beyond compliance requirements and set new industry standards.

Apart from the creation of economic benefits and regional employment, these projects have shown that industry can work with communities and establish assets of lasting social, economic and environmental value at the completion of mining.



Mechanical trainee Braedon Taylor (left) supervised by fitter Sean Rinder as part of the Aboriginal school-based traineeship programme.

Progress on a future industrial park at Shotts near Collie has been slow but has the potential to encourage business development as well as a far more efficient utilisation of the energy produced by local power stations and our coal products. The project has attracted government funding through the South-West Development Corporation and LandCorp. As part of this initiative, we have offered to supply freehold land that we own in the area.

Under our Safety Voucher fund, a proportion of safety financial incentive awards, managed by employees, contributed to community projects. Beneficiaries this year included the local PCYC, Little Athletics, the district school Chaplaincy, Collie Day Care Centre, Girl Guides, Liberty Swing for disabled and local schools. There is also a commitment from the fund for \$10,000 to upgrade the Collie Aquatic facility. We contributed \$21,160 to the fund and \$23,217 was paid out to the Collie community. In addition, we have given \$69,502 as direct community contributions this year to various sporting associations, schools, clubs, festivals and heritage projects.

Research We continued to help run the Collie Centre of Excellence in Sustainable Mine Lakes through funding and management support.

The aquafarm at our former Western 5H mine site continued research on the production of marron and silver perch using mine water, and is being expanded to include a hatchery. It also will provide a base as a long-term teaching and research centre for the local TAFE and the Centre of Excellence in Sustainable Mine Lakes. The Centre's monitoring of the Western 5B lake (Lake Kepwari), to develop a predictive water quality model, was completed. The Centre is looking for new government funding and industry partners to continue mine rehabilitation research.

We have a seven-year, \$100,000 a year, commitment to the Cooperative Research Centre for 'Coal in Sustainable Development'. Work being done under this project, by Curtin University of Technology, involves achieving better environmental and greenhouse performance through efficiency and waste management improvements.

Scholarships Each year we provide the J A Ellis Scholarship for University Students.

We are also contributing \$100,000 over four years to the Australian Institute of Mining and Metallurgy Education Endowment Fund.

Priorities for the Future

- 07 PRIORITY
Achieve full environmental compliance.
- 07 PRIORITY
Maintain ISO14001 EMS standard.
- 07 PRIORITY
Develop environmental awareness and knowledge across company.
- 07 PRIORITY
Further improve hydrocarbon management.
- 07 PRIORITY
Progress 'value-added' rehabilitation and mine closure outcomes.
- 07 PRIORITY
Improve spoil monitoring and rehabilitation prescription.
- 07 PRIORITY
Maintain community consultation processes.
- 07 PRIORITY
Halve our LTIFR with an ultimate aim of zero LTIs.
- 07 PRIORITY
Implement Fitness for Work programme.
- 07 PRIORITY
Upgrade our internal safety audit and inspection system.
- 07 PRIORITY
Align Safety Management System (SMS) to an auditable standard.

We provided work experience to 27 high school/college and 11 TAFE students from the south-west region and paid vacation employment to 12 tertiary students. We also provided student awards for the local high and primary schools.

During the year we employed 15 apprentices ranging from those in the first year to those in the fourth year of their indentures. We also took on two indigenous students as part of the Aboriginal school-based traineeship programme. Both have elected to do automotive mechanical and will receive a Certificate II after satisfactory completion in 18 months.

Awards A major highlight for the year was winning the Department of Industry and Resources Golden Gecko Award for Environmental Excellence. Our commitment to sustainable development formed the focus of our submission. This builds on our achievement in winning a national Banksia Award and WA State Environmental Award in 2004.

We submitted an entry and became finalists in the WA Mines Safety Innovations Awards 2005. The entry was Hot Seat Change Training - A Safety Culture Initiative.

SECTION

4

BUSINESS PROFILE

Kleenheat Gas

We are a major distributor of liquefied petroleum gas (LPG) to a broad range of domestic, commercial, forklift, autogas and industrial customers.

We operate in all states of Australia through a network of depots, company-operated branches, commissioned agents, dealers and franchisees servicing more than 14,000 bulk, 230,000 domestic, 10,000 forklift and 1,800 Kwikgas customers installations. Other activities include a liquefied natural gas plant at Kwinana in Western Australia and an LPG distribution facility in Bangladesh. We employ more than 500 people.



Kleenheat contractor Brian Chisholm checking a bulk delivery vehicle at the Kleenheat terminal in Kwinana.

Our Priorities & Outcomes 2005 - 2006

06 PRIORITY

Contribute to the management of contaminated sites for which we are responsible.

06 OUTCOME

Partially achieved. Biological remediation was undertaken at the Queens Park site in Western Australia. Negotiations with the site owner to delineate the hydrocarbon plume at the Osborne Park site, also in Western Australia, were unsuccessful.

06 PRIORITY

Install energy-efficient Euro4 engines and LNG engines in trucks.

06 OUTCOME

Partially achieved. LNG engines have been installed in 34 customer and one Kleenheat truck. No Euro 4 engines have been installed.

06 PRIORITY

Progress cylinder facility upgrades at Kwinana, Darwin, Camellia and Pinkenba.

06 OUTCOME

Partially achieved. Facility upgrades were commissioned at Kwinana and Camellia. Facility upgrades were commenced at Darwin. No upgrades were commenced at Pinkenba.

06 PRIORITY

Reduce our LTIFR to zero.

06 OUTCOME

Not achieved. We reduced our LTIFR from 1.4 to 0.7 in the year.



06 PRIORITY

Progress training and awareness of Fitness for Work.

06 OUTCOME

Achieved. A number of new staff were trained in this programme. Training for current employees was also revised.



06 PRIORITY

Assess and review our compliance levels and formulate plans to address any issues.

06 OUTCOME

Partially achieved. A compliance review project is underway. We have reviewed risks associated with both customer and operational compliance in a number of areas and are developing action plans to address these issues.



Overview

The main challenge facing our business on an ongoing basis is the safe operation of our sites in a way that minimises any adverse impact on the environment or the local community.

In dealing with this challenge, the three main environmental areas on which we focused our attention during the year were delivering environmental training, contaminated sites management and cylinder facility upgrades.

Eighty-five employees received environmental awareness training and 73 undertook training highlighting the environmental benefits of using LPG.

We have met our environmental obligations at previous Kwik-Fuel sites at Pinjarra and Yokine in Western Australia. We obtained costings for further delineation of the hydrocarbon plume at the Osborne Park site in Western Australia. We were unable to reach agreement with the site owner to continue this work but have decided to undertake the work on our own account in the 2006/2007 financial year. Further biological remediation was undertaken at a site in Queens Park, south east of Perth, to reduce hydrocarbon levels in groundwater. Groundwater monitoring in June 2006 confirmed that total petroleum hydrocarbon levels have decreased since previous monitoring in 2004 and 2005.

Automatic spray booths with water filters and new cylinder washing facilities, incorporating recycling of water, were commissioned at Kwinana and Camellia. Construction of a new cylinder washing facility, with water recycling capacity, commenced at Winnellie in the Northern Territory.

The two main safety areas on which we focused our attention during the year were the safety training and auditing of our business partners and a major migration of our existing safety management system to the Oracle platform as part of a project to upgrade the Wesfarmers Energy Health, Safety and Environment system.

Training of business partners has consisted of decanting and Kwikgas training of Bunnings staff around Australia and training and auditing of our dealer networks to ensure that operations undertaken by them on our behalf continue to be safe.

The change to our existing safety management system will make a significant improvement to our report processes and data collection. It is being integrated with the broader Wesfarmers Energy Health, Safety and Environment system, which involves other Wesfarmers Energy business units.

We have begun a review of both customer and operational compliance issues related to our business units. As part of this project, a number of compliance risks have been identified and actions to eliminate or reduce those risks have been proposed.

While we did not achieve our zero LTIFR objective, our improved safety performance resulted in a 50 per cent reduction in this measure.

The most significant change to our business this year was the move, after 44 years, from our headquarters in Myaree to a new building at the Murdoch university campus. Our repair and fabrication workshop facilities were relocated to Kwinana.

Business management

TRAINING

In addition to 23 employees who were inducted as part of our normal business operation, 287 Wesfarmers energy employees who moved from Myaree to our new Murdoch site were made aware of the requirements of our new building.

Environmental Our environmental awareness training covers statutory obligations, key environmental management practices and environmental incident reporting requirements.



Ed Spencer, Manager, Safety, Compliance and HR, and HSE Administrator Nicole Warburton, in a staff hub at the new Wesfarmers Energy building, Murdoch, Western Australia.

Eighty-five employees received environmental awareness training. This is delivered when opportunities arise.

Our 'Environmental Benefits of LPG' training is provided on the same basis and involved 73 employees during the year.

Health and Safety Training in our Fitness for Work policy was delivered to 213 employees and contractors.

One hundred random drug and alcohol tests were conducted during the year with four positive results. Those returning positive results were required to submit a management plan against which their future conduct will be monitored. Breaches of such plans may result in disciplinary action, including dismissal.

Emergency We conducted crisis management training for team members at our Niddrie office in Victoria in October 2005.

We held three emergency exercises during the year at our Pinkenba, Gepps Cross and Swan Hill sites - in Queensland, South Australia and Victoria respectively - to test the level of emergency response from our employees and emergency services.

COMPLIANCE

As part of the compliance project referred to earlier, we commenced a review of both customer and operational compliance issues related to our business. A number of issues involving matters such as consumer protection and our obligations under legislation have been identified as areas for improvement. Operational compliance has focused on end-to-end business functions such as cylinder and bulk gas supplies to customers. As with customer compliance, operational issues have been identified and are being addressed.

Environmental We are not aware of any potential non-compliance during the year with environmental legislation or other environmental requirements, except as set out below.

One of our tankers was fined \$400 for emitting excessive air impurities in New South Wales in September 2005. Subsequent to the environmental penalty notice, mechanical repairs were undertaken on the truck.

National Pollutant Inventory (NPI) LPG is a volatile organic compound that is reportable under the NPI if a threshold is triggered. The presence and use of all substances listed under the NPI was reviewed during the year for each type of operating site. We did not trigger any thresholds and therefore were not required to report under the NPI.

Health and Safety We are not aware of any potential non-compliance during the year with health and safety legislation or other health and safety requirements, except as set out below.

An improvement notice issued to our Swan Hill terminal in Victoria relating to the control of safety relief valves was complied with in September 2005. No other notices were issued to us in this reporting year.

In relation to the two directives issued to Pinkenba gas terminal as reported last year, both were complied with and the Queensland authorities notified. We are yet to receive a response.

We have a system in place to ensure that small cylinders (nine kilograms or below) are tested and comply with the relevant Australian Standard at the time of supply and that customer-owned cylinders are not filled if they are out of date. We have a process in place which endeavours to ensure that LPG cylinders owned by us are tested and compliant at the time of supply and when re-filled. While every effort is made to ensure compliance, at any point in time, there may be some cylinders which may fall out of date while in service. As foreshadowed last year, we are now able to track our bulk vessels using our maintenance and testing database system.

Licensing and approvals We are not aware of any potential non-compliance during the year with licensing or approval conditions or other requirements, except as set out above under 'Environmental' or 'Health and Safety'.

We hold three site-specific environmental licences. These are required by the relevant statutory authorities for our terminals at Pinkenba in Queensland, Mongla in Bangladesh and our Kwinana liquefied natural gas (LNG) plant.

MANAGEMENT SYSTEMS

Integrated Management System Our Operations Management System (OMS) is an intranet-based system covering safety, quality and environmental management requirements. This year, the system was reviewed as part of a migration project to our Oracle system. Seventy-five redundant documents were removed from our system to ensure relevance with current operations. The OMS includes links to codes of practice and regulators' home pages and health, safety and environment reference documents. It is available to employees through our intranet system.

Environmental Management System (EMS) Our EMS is an integrated part of the OMS and is consistent with the principles of the international standard ISO 14001. We have maintained our third party certification to AS/NZS ISO 14001 (Environmental Management Systems) at our Kwinana site since 1998. Third party certification has not been sought at any other sites.

Quality system Our Quality Management System is certified and compliant with AS/NZS 9001. Triennial audits were held at our Niddrie, Gepps Cross, Winnellie, Murdoch and Kwinana sites in the year. No non-conformances were identified.

Safety Management System (SMS) As referred to earlier, our safety management system is undergoing significant change.

We remain certified to AS/NZS 4801 (Safety Management Systems) at three sites. Surveillance audits were conducted at our Murdoch and Kwinana sites in November 2005 with a follow up audit in February 2006 to close off a non-conformance raised in the earlier audit.

Surveillance audits were conducted at our Pinkenba site in October 2005 and April 2006. No major issues were raised as a result of these audits.

Other management systems We continue to maintain a database to capture information on safety and environment training. We also maintain our compliance database to record information relating to drivers, trucks, terminals and contractors.

Policy We have formal policies for quality, safety, the environment and training. Each policy has been developed in accordance with the relevant Australian Standard. Our policies are displayed on our intranet and at our operating sites. The safety and environment policies are also available on the internet. Our compliance policy is being reviewed.

Environmental

AIR (ATMOSPHERIC EMISSIONS)

Dust A dust assessment was completed at Kwinana in March 2006. The results were compared to Australian national occupational exposure standards and indicated that the dust levels did not present a significant health risk to employees within the work zone.

Odour In its natural state, LPG is odourless. For safety reasons it is necessary to add a small amount of ethyl mercaptan to give the gas a distinctive smell and to allow its presence to be easily detected should a leak occur. An odour release is associated with the venting of LPG to the atmosphere.

LPG emissions are minimised through the cylinder exchange programme and remnant gas recovery at our testing stations. During the year 126,153 cylinders were tested and our remnant gas recovery rate from tested cylinders increased at 2.48 kilograms per cylinder, with a record amount of 312 tonnes being recovered. The rate can be affected by the number of different cylinder sizes tested during a year and the amount of unused LPG in the cylinders. We did not record remnant gas recovery by cylinder size, but the number of each cylinder size tested is set out below in Figure 1.

Greenhouse gas emissions LPG produces up to 15 per cent less greenhouse gas emissions than petrol. This was promoted through our 'Environmental Benefits of LPG' training in an effort to increase LPG usage and decrease greenhouse gas emissions. As vehicles are changed over in the passenger fleet LPG vehicles are purchased, wherever practicable, to minimise the fleet's greenhouse gas emissions. Dedicated LPG and dual fuel vehicles constitute 99 per cent of our passenger fleet.

By integrating dual fuel and dedicated LPG vehicles into our fleet instead of solely running dedicated petrol vehicles, our greenhouse gas emissions are up to 240 tonnes per annum less than they could otherwise be.

Our total greenhouse gas emissions were estimated to be 16,297 tonnes of carbon dioxide equivalent, down seven per cent on last year, and this equates to 34.3 kilograms of carbon dioxide equivalent per bulk tonne of LPG delivered, up two per cent on last year.

The only sources of greenhouse gas emissions that we have not included are contractor vehicle fuel use for fuel purchased from outlets other than preferred BP locations, waste disposed off-site and a small amount of natural gas used in office kitchens. As we did not measure these we were unable to estimate associated greenhouse gas emissions.

The greenhouse gas emissions were largely due to vehicle fuel use (approximately 84 per cent) and electricity consumption (approximately 16 per cent).

Noise We received two separate noise complaints from neighbouring properties during LPG deliveries. One near Cowes in Victoria in January 2006 and the second, related to noise early in the morning in Fremantle in Western Australia in March 2006. The deliveries to the affected site in Fremantle were rescheduled for later in the day.

Figure 1: Remnant Gas Recovery Tests

CYLINDERS TESTED	04/05	05/06
9kg Cylinders	60,243	75,321
18kg Cylinders	4,061	7,746
45kg Cylinders	42,269	42,087
190/210 kg Cylinders	1,350	999
Annual Total	107,923	126,153



Technical Coordinator Peter Armstrong carrying out diagnostic tests on an LNG-converted prime mover at Kewdale, Western Australia.



Operations Coordinator Alfonso Della Maddalena (left) and Logistics Analyst Adam Phillips using the vehicle tracking software at Murdoch.

Other emissions We are not aware of any emissions of ozone-depleting substances such as chlorofluorocarbons (CFCs), halons, carbon tetrachloride, hydrochlorofluorocarbons (HCFCs), hydrobromofluorocarbons (HBFCs), methyl bromide or bromochloromethane (BCM) during the year.

Asbestos air monitoring was conducted at our Camellia terminal in February 2006 and our Pinkenba terminal in March 2006. All results were below the detectable limit of 0.01 fibres per millilitre.

Unflued heaters are serviced by our GasHouses, to ensure proper combustion of the gas consumed. Last year we serviced 1,434 unflued heaters across Australia.

As part of our promotion of the greater use of LNG as a fuel in the heavy duty vehicle sector we installed LNG engines in 34 customer vehicles and one of our own bulk delivery vehicles.

In September 2006 Wesfarmers announced a decision to proceed with a \$138 million project to build a 175 tonne-per-day plant at Wesfarmers LPG in Kwinana to increase supply of LNG to the heavy duty vehicle and remote power generation markets.

WASTE

Solid waste The type of waste generated depends on the nature and size of the operation. Unmanned depots do not produce any solid waste. Solid waste at other sites may include paper, cardboard, cylinders, valves, plastics, aluminium, glass and wood. The amount of solid waste generated is not measured but amounts of steel and brass sent for recycling are recorded.

Liquid waste Paint sludge waste is generated from the spray booth water filters at Kwinana and Camellia where a total of 25,760 litres was collected for disposal by a liquid waste contractor. At the Kwinana truck wash facility 18,000 litres of oily water was collected for disposal. Some of our trucks are serviced at the Wandin terminal in Victoria. Waste oil is collected there by a contractor mechanic and taken to a recycling centre for treatment.

Recycling initiatives Approximately 53 tonnes of brass and 351 tonnes of steel were sent for recycling from our operations across Australia, compared with last year's 57 tonnes and 324 tonnes respectively.

We also participated in the Cerebral Palsy Association mobile phone recycling programme.

LAND

Contamination Contamination is unlikely to result from our LPG operations as LPG vaporises at atmospheric pressure preventing it from entering soil or water resources.

Some of the sites we lease in New South Wales are contaminated from previous uses. The leased site at Camellia is contaminated. It is concreted which assists in preventing incident rainwater from spreading the contamination. The pre-existing contamination at the Nowra site in New South Wales is the responsibility of the Shoalhaven City Council. We are in the process of moving from this site.

We contributed to the management of four sites formerly leased by us in Western Australia for the operation of Kwik Fuel service stations.

We have met our environmental obligations at previous Kwik Fuel sites at Pinjarra and Yokine.

We obtained costings for further delineation of the hydrocarbon plume at the Osborne Park site. We were unable to reach agreement with the site owner to continue this work but have decided to undertake the work on our own account in the 2006/2007 financial year.

Further biological remediation was undertaken at a site in Queens Park to reduce hydrocarbon levels in groundwater. Groundwater monitoring in June 2006 confirmed that total petroleum hydrocarbon levels have decreased since previous monitoring in 2004 and 2005. We are planning to delineate the extent of the plume prior to considering further remedial options.

Contaminated soil was removed in June 2006 from the site of an LPG tanker rollover incident at Massey in Victoria. The Victorian EPA was in attendance when four areas of hydrocarbon contamination were identified and removed. This material was transported by an EPA-permitted vehicle to the EPA-licensed Dooen Landfill.

RESOURCE USAGE

Energy Energy use during the year related primarily to transporting LPG and electricity consumption at our sites.

Energy management reviews continued at branches during this year with four conducted in the reporting period. The purpose of the reviews was to identify possible energy saving opportunities.

Total energy consumption was estimated to be 208,267 gigajoules, down four per cent on last year.

Our total energy consumption per bulk tonne of LPG delivered was estimated to be 0.44 gigajoules, up nine per cent on last year. Energy sources are detailed below.

Fuel Petrol, diesel, LPG and LNG accounted for 96 per cent of our total energy consumption by gigajoule. Our recorded petrol, diesel, LPG and LNG consumption was estimated to be 128 kilolitres, 4,570 kilolitres, 5,821 kilolitres and 117 kilolitres, respectively.

Approximately 20 kilometres were travelled per bulk tonne of LPG delivered. This has remained constant with last year's result. The efficiency of diesel use can not be accurately calculated as significant contractors do not disclose their fuel usage.

Vehicle tracking and fatigue management software, 'vTrack', was installed on a further 65 bulk tankers this year. Vtrack will be fitted to all remaining bulk tankers early in the coming year. The software displays in real-time the location and speed of a tanker and the time and distance that the vehicle has travelled.

Electricity Electricity accounted for five per cent of our total energy consumption by gigajoule. Our electricity consumption was estimated to be 2,792,697 kilowatt hours.

Natural gas We are not aware of any significant use of natural gas at our sites, however four of our trucks are fuelled by LNG. LNG consumption for this year was approximately 116,835 litres.

WATER

Consumption Water use during the year related primarily to truck washing (undertaken at 51 per cent of our sites), cylinder washing (15 per cent of sites) and fire deluges (installed at 43 per cent of sites).

As many of our locations are leased properties without a site-specific water meter, water consumption was not able to be monitored. Waterless urinals were installed at our Kwinana terminal in February 2006 to reduce our water consumption.

Our water sources included:

- scheme water (used at 98 per cent of sites);
- groundwater abstracted through bores (two per cent);
- surface water taken from streams, rivers and rain catchment dams (four per cent); and
- reused/recycled water (nine per cent).

Reuse and recycling Fire deluge systems are erected above our bulk storage tanks where required. At Channel Island in the Northern Territory and Kwinana the released deluge water flows back into a water storage dam for reuse.

Automatic spray booths with water filters and new cylinder washing facilities, incorporating water recycling, were installed at Kwinana and Camellia.

Construction of a new cylinder washing facility, with water recycling capacity, commenced at Winnellie.

Discharges to surface and groundwater At sites other than Kwinana and Channel Island, the deluge water discharges to the natural ground surface.

Safety and health

Lost time Our LTIFR was 0.7 (compared with 1.4 last year), see Figure 2, and, during the year, there was one lost time injury. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was five (compared with 20 last year). These statistics include contractor hours and injuries.

Safety statistics are distributed and discussed by management each month and reported to our Board every two months.

Workers compensation There were 26 workers compensation claims reported, relating to occurrences during the year, the same as in the previous year (see Figure 3).

HAZARD AND RISK

As indicated earlier in the report, we focused on safety training and auditing with our business partners. In the year we trained 130 Bunnings staff in safe decanting of LPG cylinders around Australia, with 142 sites still to be completed.

We also concentrated on training and auditing our Kleenheat dealers throughout Australia, with 57 audits and training sessions completed.

In addition to continuing to install vTrack global positioning systems on board our bulk delivery prime movers with 65 new units fitted, we installed three units in passenger vehicles. The vTrack system assists with issues such as fatigue management compliance and optimal scheduling.

During the year we had three significant on-road tanker vehicle accidents occurring at Dongara and Newman in Western Australia and Massey in Victoria. In the two Western Australia cases, both drivers were unhurt and no other vehicles were involved. The driver of the tanker at Massey sustained minor injuries but no other vehicles were involved. All three incidents were investigated by us and an independent risk consultant. Actions resulting from these investigations included a review of our maintenance systems, modifications to vTrack and driver education.

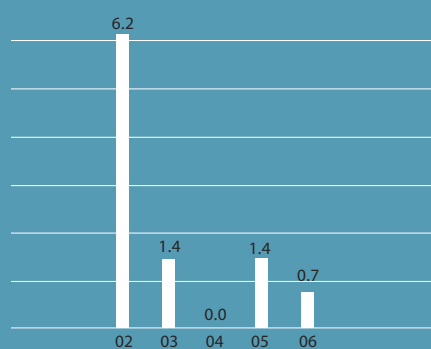
In addition there were three other heavy vehicle on-road incidents, seven fewer than last year and our passenger vehicles were involved in 28 accidents, the same as last year.

PROGRAMMES

Emergency response We also reviewed 18 emergency plans for our operating locations throughout Australia to ensure that each site had accurate and appropriate emergency plans.

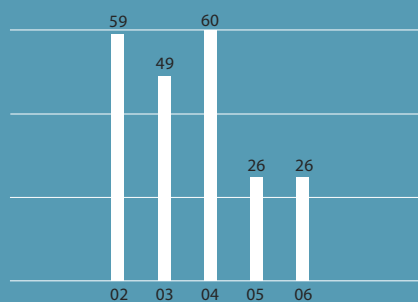
We conducted three emergency exercises during the year. One at Pinkenba in September 2005 enacted a cylinder leak and fire scenario. The second, at Gepps Cross, was held in October 2005 and involved a simulated gas leak from storage.

Figure 2: Lost Time Injury Frequency Rate*



*1 July 2001 - 30 June 2006 (as at 30 September 2006)
Contractor hours and LTIs included

Figure 3: No. of Workers Compensation Claims



Case Study : Wongan Hills Community of the Year Award With a significant number of our customers located in regional areas without access to mains gas, we have established and developed a national network of business partners and dealers to provide a retail presence for customers requiring LPG for domestic purposes.



Wongan Hills community group (from left) Rob Millstead, Dale Stewart, Duncan Holme and Irwin Barrett-Lennard with Kleenheat's Manager Sales WA/NT, Mike Carrigg at the town's airstrip, winning project for the Community of the Year Award for Western Australia.

Issues impacting rural and regional communities in Australia such as social connection, access to services and economic decline also have the potential to affect our customer base and network of business partners.

We acknowledge many communities and groups are working to address these sustainability issues at the local level and require specific recognition and promotion of their innovation, endeavour and achievements.

As a result, in 2005 we supported the Awards Australia Regional Achievement and Community Awards in Western Australia, Victoria and New South Wales.

The 2005 Kleenheat Gas Community of the Year Award for Western Australia went to the town of Wongan Hills for a project involving volunteers, service clubs and the local government authority, building an all weather sealed airstrip in less than nine days.

Since its completion, the project has improved access to health services via the Royal Flying Doctor, attracted a flight school business and the interest of a commercial operator to relocate to the airstrip. As well as being a source of community pride, this award has been used for fundraising activities, marketing activities and as part of an investment attraction strategy for the small rural town.

The third dealt with a tanker leak and employee injury scenario at our Swan Hill terminal. The relevant state emergency services authorities were involved in all three exercises.

During the year, our Customer Contact Centre has been provided with information for customers and the community, to assist with appropriate response to incidents including emergencies. This information also assists with communication to other stakeholder groups during emergency responses.

In partnership with LPG Australia, we assisted the manufacturer to effect a nation-wide safety recall of forklift cylinders following an incident in Tasmania involving the cold rupturing of a forklift cylinder.

Materials handling and storage Our terminals in Swan Hill, Pinkenba and Kwinana are major hazard facilities. All three terminals are subject to the oversight process by state authorities.

Risk assessment A risk assessment was undertaken prior to our repair and fabrication workshops being relocated from Myaree to Kwinana.

Asbestos is located at six of our sites. The asbestos at all of them has been assessed by external consultants and is managed by us.

Employee wellbeing Influenza injections were again offered to employees this year. One hundred and twelve employees took up this offer.

As with previous years, we published a safety-themed calendar for 2006, with children of our staff submitting drawings with a Safety Sam focus.

Safety inductions and facility tours were held at our new offices at Murdoch prior to the building being occupied for the first time.

Following our move to Murdoch, and in conjunction with Wesfarmers Energy, we hosted a Family Day event to welcome our employees' family members to the new offices. This included an education programme on our business operations, products and community involvement and had a focus on safety and learning activities for children.

We participated in a number of charity days at work during the year, including Paws for a Cause day, Hat Frenzy Friday and Red Nose day. In the year we raised over \$1,000 for charity.

Community

STAKEHOLDERS

Our stakeholders include our employees, our customers, our suppliers and other contractors, relevant government agencies, local communities in which we operate and shareholders in our parent company, Wesfarmers Limited.

Feedback/Complaints Most customer issues are handled first by our Customer Contact Centre (CCC) officers. If an issue requires further attention, the matter is dealt with by the CCC Manager, supervisor or other senior personnel. We also handled 112 written feedback issues during the year.

Liaison with authorities We continued to foster and develop relationships with government authorities through providing submissions, information and specialist expertise.

COMMUNICATION

Newsletters and reports As in previous years, we provided the 'Well at Work' newsletter to our employees. In addition to this, 'Gasbagging', 'Marketing Matters' and 'On the Road' newsletters were published in the year.

Website Our website www.kleenheat.com.au includes information about our operations for the community, including environmental, safety and health information relating to our business.

Liaison groups We remain a member of Liquefied Petroleum Gas Australia, formerly known as ALPGA. Our staff continue to hold office in elected to positions in the New South Wales and Victorian branches. We also have representation on the LPG Australia technical committee.

Priorities for the Future

07 PRIORITY

Contribute to the management of contaminated sites.

07 PRIORITY

Contribute to the development and implementation of Wesfarmers Energy, Health Safety and Environment Project.

07 PRIORITY

Improve our LTIFR to zero.

07 PRIORITY

Continue to assist our business partners in operational safety.

07 PRIORITY

Undertake a driver risk management review.

We remain a full member of the Kwinana Industries Public Safety group and an associate member of the Kwinana Industries Council.

We continue to be a member of the Gateway Mutual Aid group in Queensland.

We also liaised with the Gas Appliance Health and Safety Council of Australia in relation to the reliable and safe performance of gas appliances.

Community support As part of developing liquefied natural gas (LNG) as an alternative heavy vehicle fuel, we collaborated with TAFE, and the Western Australian government Department of EnergySafety and our major customers to develop an accredited training course for the installation, repair and servicing of LNG engines and tanks. This training also involved engine tuning technologies using a dynamometer to provide optimal LNG fuel performance.

As with our areas of operation, the majority of our customers live and work in rural and regional areas of Australia. We refocused our sponsorship activities in 2006 to reward excellence in regional community endeavour and support initiatives to improve social, economic and environmental wellbeing to these areas.

In 2005, we extended a three-year commitment to the Clontarf Foundation, which uses Australian Rules Football as a vehicle for delivering educational and life improvements to young aboriginal men. Our support funded the first in a series of regional sports tours for students to play competitive football, focus on life skills and development outside the classroom and demonstrate the programme's benefits to other communities.

We again supported the Awards Australia Regional Achievers and Community awards in Western Australia, New South Wales and Victoria. This year we actively supported nominations through our dealer and branch network and participated in promotion, judging and presenting stages.

Our community support activities also included staff donations made through free dress Fridays and making smaller donations to community clubs and groups in our areas of operation.

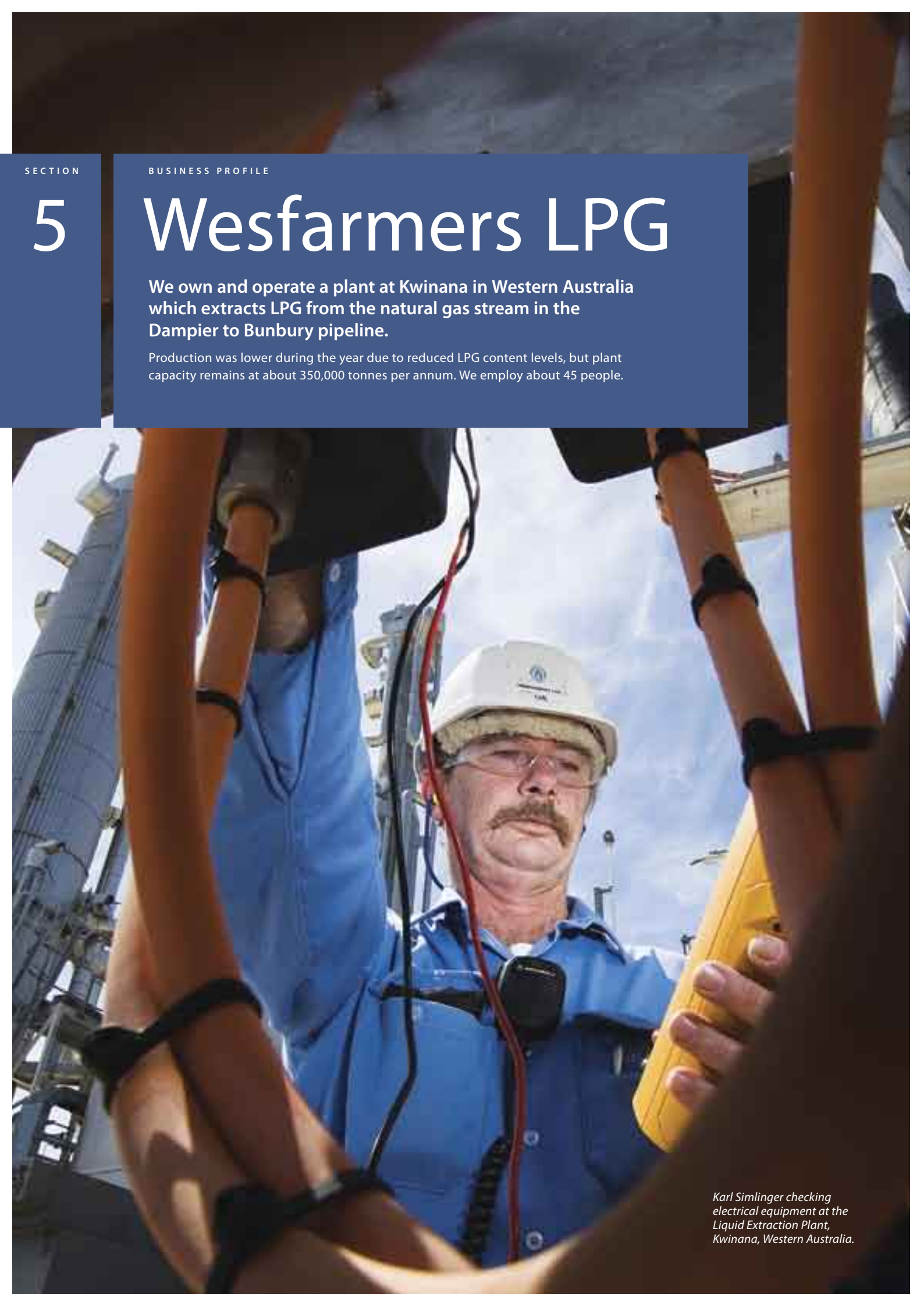
SECTION

BUSINESS PROFILE

5 Wesfarmers LPG

We own and operate a plant at Kwinana in Western Australia which extracts LPG from the natural gas stream in the Dampier to Bunbury pipeline.

Production was lower during the year due to reduced LPG content levels, but plant capacity remains at about 350,000 tonnes per annum. We employ about 45 people.



Karl Simlinger checking electrical equipment at the Liquid Extraction Plant, Kwinana, Western Australia.

Our Priorities & Outcomes 2005 - 2006

06 PRIORITY
No workplace injuries.

06 OUTCOME
Not achieved. We had one contractor injury, requiring medical treatment.



06 PRIORITY
Lost Time Injury Frequency Rate (LTIFR) of zero.

06 OUTCOME
Achieved. Lost Time Injury Frequency Rate of zero for employees and contractors.

06 PRIORITY
Conduct an independent compliance audit of our Safety Report.

06 OUTCOME
Achieved. Compliance audit conducted in October 2005.

06 PRIORITY
No significant release of hydrocarbons to the atmosphere.

06 OUTCOME
Achieved. No significant release of hydrocarbons to the atmosphere.

06 PRIORITY
Meet reporting requirements of Contaminated Sites Act 2003.

06 OUTCOME
Not achievable. Contaminated Sites Act 2003 not yet operative.



06 PRIORITY
Continue Fitness for Work (Alcohol and Drugs) policy.

06 OUTCOME
Achieved. Policy continued with random drugs and alcohol testing completed.

06 PRIORITY
Continue environmental sampling to verify greenhouse emissions.

06 OUTCOME
Achieved. Sampling conducted on train one and train two recompressors and Ruston generator.

06 PRIORITY
Identification and control of hazards.

06 OUTCOME
Achieved. Use of site Permit to Work system. Use of workplace inspections.

Overview

The main challenge facing our business on an ongoing basis is the safe operation of our plant which minimises any adverse effect on the environment and the local community.

In dealing with this challenge, the three main environmental areas on which we focused our attention during the year were maintaining compliance with the Environmental Protection (Noise) Regulations 1997, ensuring compliance with our Department of Environment (DoE) licence conditions and progressing the environmental approvals process for a proposed 175 tonnes per day (tpd) LNG plant.

As part of this project we conducted noise modelling to identify potential impacts.

We have had meetings with the DoE to ensure that our licence conditions have been met and have not been advised of any breaches of those conditions.

The two main safety areas on which we focused our attention during the year were the ongoing protection of employees and visitors to our plant and compliance with the national standard for the control of major hazard facilities.

We continued our commitment to providing a healthy and safe workplace for all employees and visitors to the Kwinana extraction plant and our gas export facilities. Identification and control of hazards and prevention of incidents and injury remained the highest priority.

We continued with the implementation of our Fitness for Work (Alcohol and Drugs) policy with the completion of random drugs and alcohol testing.

A highlight of this year's safety performance was our achievement of a zero Lost Time Injury Frequency Rate (LTIFR) for employees and contractors. We achieved three years LTI-free in February 2006 and this performance was recognised by presenting a safety award to site personnel for their efforts.

An independent compliance audit of our Safety Report was completed in October 2005 as part of our requirements as a major hazard facility under the national standard for the control of such facilities. There were no non-compliance issues raised, however three outstanding recommendations from the previous audit were included in an action plan to address the report recommendations.

Business management

TRAINING

Environmental Our induction programme for all new employees and contractors addresses environmental awareness of their work area with emphasis on response to product spillage and general housekeeping. There were 158 inductions carried out this year associated with planned maintenance activities and new projects. In addition, our training programme covers procedures for managing environmental licence conditions.

Health and Safety All employees and contractors must attend a safety induction programme before being allowed access to the process area to ensure that they are aware of hazards, work permit requirements, occupational health and safety and emergency response procedures.

All employees undergo vocational training to meet the requirements of their position with competencies measured against national standards (where available). In addition, a comprehensive competency-based training programme is in place for all process operators involving demonstration of the acquired competencies against internal and national standards.

The review of the internal competency standards, including training workshops, continued this year to ensure that they matched current plant status. Changes were made to the standards as a result of the review with approximately 40 per cent completed. This process was less effective this year than we had hoped due to personnel availability constraints but the review process continues.

Our Fitness for Work (Alcohol and Drugs) policy continued to be applied. A total of 102 random tests were conducted with one positive test in breach of the policy. This person was subject to counselling and disciplinary procedures as provided in the policy.

Emergency Our comprehensive annual emergency response training programme is relevant to each employee's position. This includes basic, intermediate and advanced fire fighting, breathing apparatus training, search and rescue and fire ground command programmes.

As part of our Safety Report requirements, 40 employees completed an advanced fire fighting course, eight completed the fire ground command course and 14 went through the fire awareness and control programme.



Process Operator Brenton Hall overlooks the Wesfarmers LPG site from the export storage tanks.



Mechanical Fitter Kevin Gohrt monitors vibration at the export pumps.

COMPLIANCE

Environmental We are not aware of any potential non-compliance during the year with environmental legislation or other environmental requirements.

Our plant is designed for smokeless operation during normal operation, but not during upset and emergency circumstances.

We continue to operate our plant in a way that minimises smoke during normal operation.

National Pollutant Inventory (NPI) Emissions notifiable under the NPI were estimated for oxides of nitrogen, carbon monoxide, nickel carbonyl, heavy metals and associated compounds and particulate matter. Data for the 2004/2005 reporting period was submitted to the DoE. Detailed information normally available at www.npi.gov.au had to be removed from the website due to an error we made in compiling the report. Full details of our emissions are available from DoE on request. All of our notifiable substance emissions for last year were ranked by the NPI as 'low'.

Health and Safety We are not aware of any potential non-compliance during the year with health and safety legislation or other health and safety requirements, except as set out below.

We still have to resolve some compliance issues with the Department of Consumer and Employment Protection (DOCEP) which are reported in the Safety Management System section later in this report.

Licensing and approvals We are not aware of any potential non-compliance during the year with licensing or approval conditions or other requirements other than the DOCEP issues mentioned above.

Our plant operates under licences issued by the DoE and the DOCEP.

MANAGEMENT SYSTEMS

Environmental Management System (EMS) We do not have an EMS. Our greatest potential environmental issue is a significant hydrocarbons release. As this is also our greatest potential safety issue, our environmental policy and procedures are, in effect, managed through our Safety Report and our DoE licence conditions. We have an environmental policy covering the site.

Quality system While we recognise that management of the quality of our products is a key element of our business, we do not have a documented formal quality management system.



Health and Safety Representative Ashley Bush conducting a workplace inspection.

We have a Quality Assurance system meeting the requirements of ISO 9001 for the testing, inspection and servicing of safety relief valves. These valves are tested at prescribed periods. An independent audit was undertaken in February 2006 and our certification continues.

Safety Management System (SMS) All health and safety policies and procedures are referred to in our Safety Report which is subject to independent and regular audit and overseen by DOCEP.

An independent external compliance audit was conducted in October 2005 and an action plan was developed to address issues arising following discussions with DOCEP at our regular Safety Report meeting.

Specific health and safety procedures cover working with high voltage electricity, accident and incident investigation, manual handling, working in confined places, height safety and job hazard analysis.

All modifications to the operating plant are reviewed and approved by senior plant management prior to implementation. Procedures ensure that all changes are fully documented to allow independent audit and review.

Policy We are committed to providing a healthy and safe workplace for all employees and visitors to the Kwinana extraction plant and our gas export facilities. Our safety policy was reviewed and updated this year. Identification and control of hazards and prevention of incidents and injury are of the highest priority. This is achieved through a consultative process which defines and implements training, policies and procedures for the wellbeing of all employees. The Occupational Health and Safety Committee continued, with the election of two new Safety and Health Representatives. One position remains vacant.

Environmental

AIR (ATMOSPHERIC EMISSIONS)

Dust To control dust, large areas of grass have been planted and are maintained.

Odour Propane and butane are naturally odourless. For safety reasons, we are required by legislation to inject low levels of ethyl mercaptan (odorant) into the gas. This gives it a distinctive odour allowing leaks to be detected. The injection system is closely monitored as even minor drips can give rise to offensive odours. Any leak is quickly repaired and spillage contained and neutralised. Three odour complaints were referred to us by industrial



The LPG domestic storage tank at Kwinana.

neighbours, two of which were related to the same small leak from our equipment that odourises the gas. The other was not related to our operations.

Greenhouse gas emissions Our total greenhouse gas emissions were estimated to be 144,418 tonnes of carbon dioxide equivalent, down two per cent on last year, and this equates to 415 tonnes of carbon dioxide equivalent per day of production, up one per cent on last year. We have used a rate per day of production rather than a rate per tonne of production because our plant operating requirements mean that our greenhouse gas emissions are more or less constant irrespective of the amount of LPG produced and it is therefore a more meaningful measure when looking at reducing our greenhouse gas emissions.

This figure includes the following substance emissions:

- 124,033 tonnes of carbon dioxide (CO₂);
- 1,027 tonnes of methane (CH₄); and
- 216 kilograms of nitrous oxide (N₂O).

The greenhouse gas emissions were largely due to fuel gas consumption (approximately 80 per cent) and fugitive gas emissions due to gas turbine starter gas (approximately 15 per cent).

Noise The extraction plant operates 24 hours a day. There are numerous items of rotating equipment giving rise to a low level of background noise at the plant boundary. We conducted noise modelling to assess potential noise impacts for the proposed 175 tpd LNG plant. Results indicate that compliance with the environmental noise regulations can be achieved for the LNG plant. But there may be a need to modify our existing LPG plant to ensure that overall these noise levels remain within compliance when the new plant is built. Wesfarmers announced in September 2006 its decision to proceed with this project with construction due to begin in November 2006.

Other emissions We are not aware of any emissions of ozone-depleting substances.

We have not yet prepared our report to the NPI for the 2005/2006 reporting period or finalised our data estimates, however in 2004/2005 our three most significant emissions were oxides of nitrogen (NO_x) (270,000 kilograms to air), carbon monoxide (65,000 kilograms to air) and particulate matter (6,800 kilograms to air).

During plant shutdowns, or occasionally to control pressure in operating vessels, gas has to be released from the process plant. This gas is safely disposed of through combustion flares. The flare

tips are continuously monitored in the control room via a closed circuit camera.

In the event of a high flaring rate, additional combustion air is fed to the flare tips to minimise the formation of black smoke.

WASTE

Solid waste Solid waste during the year consisted primarily of general site waste.

Our total solid general waste stream during the year was estimated to be 739 cubic metres, down three per cent on last year. All of this is disposed of as landfill. There is no landfill of waste on-site.

Total solid waste disposed of to landfill per thousand tonnes of production was estimated to be 4.6 cubic metres, compared with two last year, due to reduced LPG production.

Liquid waste Liquid waste during the year consisted primarily of used lubricating oil, seal oil and heat transfer oil.

Our total liquid general waste during the year was estimated to be 14,050 litres, down 66 per cent on last year due to non-removal of bulk heat transfer oil which occurred in the previous year.

All of our lubricating oil, seal oil and heat transfer oil waste is collected by a contractor for recycling.

Storm water run-off from the paved sections of the processing areas is directed to oil/water interceptors where any oil present is skimmed off and recovered.

A licensed contract waste disposal firm removed all this oily water waste, totalling 9,000 litres.

Recycling Initiatives Paper and cardboard recycling bins continued to be used as part of our paper products recycling policy and about 81 cubic metres of paper and cardboard were removed by our waste management contractor.

LAND

Flora and fauna Extensive landscaping including trees and shrubs is maintained to improve the appearance of the facility and minimise dust.

Contamination The existing lead and zinc soil contamination discussed in previous reports will be reported to the DoE after the Contaminated Sites Act 2003 comes into effect.

Rehabilitation After completion of minor projects on the plant and associated facilities, excavated areas were filled and reinstated.



Process Operator Mark McCafferty performing a gas detection test at the inlet manifold.



Brenton Hall inspecting an emergency escape breathing apparatus.

RESOURCE USAGE

Energy Energy use during the year related primarily to plant processes.

Total energy consumption was estimated to be 2,013,401 gigajoules, down five per cent on last year.

Our total energy consumption per day of production was estimated to be 5,785 gigajoules, down two per cent on last year. Energy sources are detailed below.

Fuel Petrol, diesel and LPG accounted for 0.07 per cent of our total energy consumption by gigajoule. Our petrol, diesel and LPG consumption was estimated to be 19 kilolitres, 14 kilolitres and eight kilolitres, respectively. We also sent 5.4 kilolitres of LPG to the flare during tanker loading operations.

Electricity Electricity accounted for approximately one per cent of our total energy consumption by gigajoule. Our electricity consumption was estimated to be 5,828,300 kilowatt hours.

Natural Gas Natural gas accounted for approximately 96 per cent of our total energy consumption by gigajoule. Our natural gas consumption was estimated to be 1,954,037 gigajoules.

WATER

Consumption Water use during the year related primarily to plant processes and general site amenities, such as kitchens and bathrooms.

Total scheme water consumption was estimated to be 25 megalitres, up 23 per cent on last year. This increase was due

to increased utilisation of the water treatment plant. Our total scheme water consumption per day of production was estimated to be 71.8 kilolitres, up 27 per cent on last year.

Reuse and recycling The majority of water used for deluge system testing is returned to the storage pond for reuse.

Discharges to surface and groundwater Three bores operating on the site provide water for garden reticulation and for emergency response.

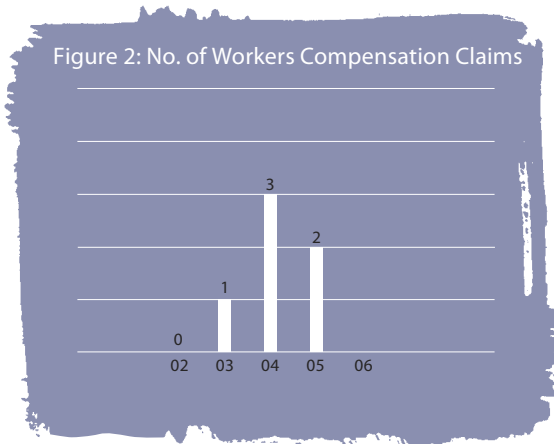
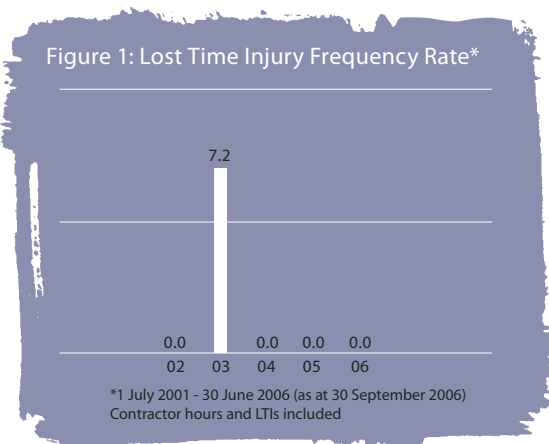
Safety and Health

Lost time A highlight of this year’s safety performance was our achievement for a third consecutive year of a zero Lost Time Injury Frequency Rate (LTIFR) with no LTIs during the year (see Figure 1). Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was zero again. We achieved three years LTI-free in February 2006 and this performance was recognised by giving a safety award to site personnel for their efforts. These statistics include contractor hours and incidents.

We had one contractor injury during the year, requiring medical treatment.

Safety statistics, including information on employees and contractors, are reported monthly to Wesfarmers Energy.

Workers compensation There were no workers compensation claims reported, compared with two last year (see Figure 2).



Case Study : Training Young People As part of our commitment to the local community we took on five student trainees for work experience this year. We have been involved with the work experience programme for 10 years in cooperation with the South Metropolitan Youth Link (SMYL).



Mechanical fitter Alex Alcorn supervising Dominic Brown, a Year 12 student from Kwinana Senior High School.

The programme provides young people, who are studying at Kwinana Senior High School for their West Australian Certificate of Education, an opportunity to identify areas of work which they may consider as a future career.

We operate as a host company for the trainees and the main focus on our site is to allow them an opportunity to gain experience in the mechanical trades disciplines.

Trainees are normally assigned to work with us for four weeks at a time.

The work experience varies depending on site requirements and trainees are supervised by our team of mechanical trades personnel.

The trainees get exposure to site safety induction, plant maintenance and workshop activities including fabrication, welding, cutting, grinding and pipefitting skills.

The time these young people spend with us gives them a better understanding of the requirements of working in the gas industry, in particular the activities associated with plant maintenance and may encourage them to pursue studies in production engineering as part of an apprenticeship scheme.

We received five individual awards for our contribution to the Kwinana Industries Education Partnership (KIEP) at their annual awards ceremony in November 2005.

HAZARD AND RISK

Programmes Our plant has been designed to have a very low environmental, health and safety risk. All products will evaporate if released to atmosphere, leaving no soil or water-contaminating residues.

The Permit to Work system continued and workplace safety inspections were conducted by our safety and health representatives as part of our hazard identification and control programme.

Emergency response We have an Emergency Management Plan as part of our licensing requirements as a Major Hazard Facility. This plan describes the organisation and training of employees and contractors to reduce the risk to personal safety and the surrounding environment in the event of an emergency.

An emergency field exercise scenario involving a simulated release of heat transfer oil and fire at the gas-fired oil heater was carried out in July 2005. The exercise involved role play of a fatal injury to an employee to test our on-site emergency response and included involvement of external resources including Wesfarmers Energy, emergency services, industrial neighbours and government agencies. The exercise facilitator's report stated that the aim of the exercise was achieved with both the Emergency Response Team and Emergency Management Team displaying calm control, professional skills and positive attitudes in handling the mock emergency.

Four site emergency muster point exercises were successfully carried out to test employee understanding of and compliance with emergency response procedures.

Materials handling and storage We operate under an annual DOCEP licence as a Major Hazard Facility covering the storage of dangerous goods, which includes LPG, condensate (pentane), LNG, ethyl mercaptan (odorant), liquid nitrogen, flammable gas and flammable liquids.

Risk assessment We conducted a five-yearly Quantitative Risk Assessment (QRA) of our plant under the Major Hazard Facilities requirements. The QRA concluded that the plant complies with the Western Australian Environmental Protection Authority (EPA) criteria for individual off-site risk from hazardous industrial plant and was accepted by DOCEP.

As part of the proposed new LNG plant referred to earlier, a preliminary QRA was conducted and accepted by DOCEP. A Works Approval application was submitted to the DoE which has no objections to the plant, subject to conditions.

Employee wellbeing We continued with the implementation of our Fitness for Work (Alcohol and Drugs) policy, with the completion of random alcohol and drug testing.

We continue to provide an Employee Assistance Programme that offers independent professional and confidential counselling to all employees and their immediate families.

We also have a childcare referral service to provide employees with advice about childcare services.

Voluntary flu vaccinations were offered to employees and long-term contractors.

Following a request by the Site Safety Committee, we conducted depression awareness sessions for employees and long term contractors to gain an appreciation of the issues relating to this condition.

Community

Stakeholders Our stakeholders include our employees, our customers, relevant government agencies, the local Kwinana community in which we operate and shareholders in our parent company, Wesfarmers Limited.

Employees are encouraged to provide feedback on this report.

We are represented on the executive committee of the Kwinana Industries Public Safety Liaison Group (KIPSLG) which includes representatives from industry, regulatory authorities, local government authorities and the local community.

We conducted a community consultation meeting to provide an overview of the proposed new LNG plant with local community representatives.

Priorities for the Future

07 PRIORITY

No workplace injuries.

07 PRIORITY

Lost Time Injury Frequency Rate (LTIFR) of zero.

07 PRIORITY

Identification and control of hazards.

07 PRIORITY

No significant release of hydrocarbons to the atmosphere.

07 PRIORITY

Review stakeholder contact following interview process conducted for this report.

Feedback/Complaints Senior management handles any complaints from the community.

We maintain an environmental complaints register. Three odour complaints were referred to us this year by industrial neighbours, two of which were related to the same small leak at our odorant system. The other was not related to our operations.

Liaison with authorities We maintain working relationships with DOCEP and the DoE through our involvement with regular Safety Report meetings and communications meetings where we discuss our operations.

Action groups We are a full member of the Kwinana Industries Council (KIC) and its sub-committee the Kwinana Industries Public Safety Group (KIPS).

Member companies maintain a management system for response within the Kwinana industrial area to control emergencies that may arise within the boundaries of a member company site.

Member companies have a mutual aid plan to integrate emergency management where appropriate. This plan allows member companies to obtain assistance from neighbours in the event of an emergency.

COMMUNICATION

Newsletters and reports Information is provided through the KIC as required. The 2005 Wesfarmers Social Responsibility Report was available to all employees and circulated to selected stakeholders.

We are involved in the Kwinana Industries Council Community Information Service which is a public phone-in system, established in partnership with KIC and the Western Australian police service, which provides the community information about industrial events within the Kwinana industrial area.

Website Our website www.wesfarmerslpg.com.au includes information about our operations for the community, including environmental, safety and health information relating to our business.

Liaison groups We continue to be involved in the Kwinana Industries Public Safety Liaison Group (KIPSLG). This group allows us to formally consult with state government departments and agencies, local government organisations and community interest groups in matters relating to our operations.

We hosted and presented to the KIPSLG on our emergency response capability in November 2005.

SECTION

BUSINESS PROFILE

6 Industrial & Safety

We are Australia and New Zealand's market leader in the supply of maintenance, repair and operating products and safety products.

With more than 240 outlets we trade in Australia as Atkins, Atkins Carlyle, Bakers Construction and Industrial, Blackwoods, Blackwoods Atkins, Motion Industries, Mullings Fasteners and Protector Alsofe. Our businesses in New Zealand are Blackwoods Paykels, Packaging House, NZ Safety and Protector Safety Supply. We employ about 3,000 people.



Improved traffic management signage, part of a major safety upgrade, at the Blackwoods warehouse, Smithfield, New South Wales.

Our Priorities & Outcomes 2005 - 2006

06 PRIORITY

Improve our safety performance by at least halving our LTIFR each year with a target of zero LTIs.

06 OUTCOME

Not achieved. LTIFR of 5.1, up from 4.3 last year. There were 29 LTIs.

06 PRIORITY

Implement a manual handling strategy.

06 OUTCOME

Achieved. A manual handling strategy has been implemented including the introduction of a business-wide manual handling procedure and the undertaking of manual handling risk assessments.



06 PRIORITY

Reduce manual handling injuries.

06 OUTCOME

Achieved. There were 67 manual handling injuries compared with 77 last year. Of these, 54 were recorded in Australia, compared with 61 last year, and 13 in New Zealand, compared with 16 last year.

06 PRIORITY

Implement an OHSE training system.

06 OUTCOME

Achieved. A Competency-Based Training, Instruction and Induction Policy was implemented in New South Wales and Victoria in March 2006. Our HSE Strategic Plan 2006-2008 details our strategy for implementation of the HSE training system across all our regions, as it does for the auditing, contractor management and consultation and communication programmes mentioned later in this Outcomes section.

06 PRIORITY

Analyse dangerous goods risks.

06 OUTCOME

Achieved. Further to the review of our distribution centres reported last year, our dangerous goods stores in all regions are under review, with some locations having completed the required changes and others at various stages of implementation.

06 PRIORITY

Implement OHSE auditing procedures.

06 OUTCOME

Achieved. A Workplace Inspections Policy and an OHS Auditing Policy was introduced in New South Wales and Victoria in March 2006.

06 PRIORITY

Review contractor management.

06 OUTCOME

Achieved. Our contractor management was reviewed and a new Contractor Management Policy was implemented in New South Wales and Victoria in June 2006.

06 PRIORITY

Implement 360 degree HSE review programme.

06 OUTCOME

Achieved. An HSE Consultation and Communication Policy was implemented in New South Wales and Victoria in March 2006. Our HSE Strategic Plan 2006-2008 details our strategy for implementation across all our regions.

06 PRIORITY

Implement recycling strategies.

06 OUTCOME

Achieved. Recycling initiatives to recycle office waste paper and print cartridges were introduced in several branches during the year.

Overview

The main challenge facing our business on an ongoing basis is the safe operation of our distribution centres and branches in a way that minimises any potential injury or harm to our employees and contractors and any adverse impact on the environment or the communities in which we operate.

In dealing with this challenge, the three main environmental areas on which we focused our attention during the year were storage of dangerous goods, the identification of recycling opportunities and continuing our efforts to better manage energy consumption.

Our distribution centres hold the majority of our dangerous goods. In all regions we have undertaken a review of these dangerous goods stores as well as those at various other branches. As reported last year, Southern Region continues to implement required changes with Western Region having completed the process. Our Northern and Central Regions are now carrying out changes.

In New Zealand, the introduction of the Hazardous Substances and New Organisms Act (HSNO) in 2004 requires the movement of applicable workplaces from Dangerous Goods Certification to Site Location Certification. The relevant sites have been issued with temporary certification and are working with the New Zealand Environmental Risk Management Authority to achieve Site Location Certification.

Recycling opportunities continued to be identified during the year with branches implementing initiatives, concentrating mainly on paper products.

On energy consumption, we introduced an initiative in New Zealand to compare branch-by-branch usage of electricity. This project intends to investigate the reasons why some branches of the same or similar size are using greater electrical resources and to work with the branches with the aim of reducing the discrepancy. An 'Energy Challenger' report facility has also been made available which gives branches a rating scale of their energy usage as compared to industry standards. It is intended that this report will be used to analyse success in reducing waste in energy consumption.

The two main safety areas on which we focused our attention during the year were reducing manual handling injuries and implementing our new integrated health, safety and environment management system known as GetSAFE.

Manual handling remains a prevalent risk within our business and we addressed it this year by implementing the strategy identified last year. This consisted of the introduction of a business-wide manual handling procedure through training and consequently the undertaking of manual handling risk assessments. A total of 1,246 employees were trained in this policy during the year. As reported above, we were able to achieve a reduction in manual handling injuries from 77 to 67.

The GetSAFE management system is a complete re-engineering of our approach to safety, health and environment issues. It was developed in January 2006 and implementation began in New South Wales and Victoria in March 2006. The GetSAFE management system is covered in detail in our Case Study on page 74 of this report.

It has been a disappointing year in our overall safety performance with a rise in our Lost Time Injury Frequency Rate (LTIFR) from 4.3 to 5.1. More information on the nature of injuries that occurred is contained in the safety and health section.

In order to collect accurate safety, health and environmental data for each of our distribution centres and branches in Australia and New Zealand, an HSE survey was conducted and responses were received from all our distribution centres and branches. Unless otherwise stated, data provided is for our combined Australian and New Zealand businesses based on the survey results.

Business management

TRAINING

HSE training continues to form a part of our employee induction programme known as WIS Fundamentals. This training covers a number of topics - risk management, consultation and communication, the environment, incident management and emergency response.

As part of the launch of GetSAFE, an HSE training system was implemented in New South Wales and Victoria in March 2006 in the form of a Competency-Based Training, Instruction and Induction Policy.

Our New Zealand businesses have continued with health and safety and environmental monthly awareness topics with the aim of increasing employee awareness across a range of topics, including hazard management, accident reporting and investigation, housekeeping, fire evacuation, hygiene and health planning, energy management and environmental and workplace reviews.

Environmental Our environmental policy and accountabilities are communicated to all new employees in our employee handbook and during induction.

Our induction programme also includes information on recycling and reuse initiatives, the location and use of emergency spill kits and energy conservation.

In New Zealand, under the HSNO Act, branches that stock specific quantities of dangerous goods are required to have at least one Approved Handler on site at all times. We have identified these workplaces to be Safety Products and Graphics in Albany and the Blackwoods Paykels distribution centre at Wiri. Approved Handlers have been trained accordingly.

Spill kits are available in workplaces which have dangerous goods, and most branches have undertaken in-house training in their usage. In addition, some employees have attended external training sessions. Ongoing training in this area remains a priority.

In Australia, five employees from Blackwoods Toowoomba in Queensland attended external training in 'Working with Dangerous Goods'. In New South Wales and Victoria 691 employees attended our in-house dangerous goods training.

Health and Safety Our induction programme incorporates a section on health and safety with topics covered including our health and safety, environment and return to work policies, legal and other information requirements, HSE consultation, risk management, first aid, emergency preparedness, manual handling, access and egress, incident reporting, investigation and record keeping, safe operating procedures and other position-specific items.

All new employees were issued with a handbook which contains information on the Occupational Health and Safety Policy and accountabilities.

Our primary labour hire contractor, Skilled Engineering, is responsible for administering an appropriate induction programme for its personnel prior to them commencing work with us.

Health and safety training and education has continued to be undertaken for the policies and procedures that make up our integrated HSE management system.

Forklifts and ride-on stock pickers operate at a number of our locations with varying levels of operator licensing requirements. Operator training for licensing is undertaken where required and safe operating procedures are used to meet any site-specific training obligations. In those areas where formal licensing is not required we have internal training to ensure operators are competent.

This year in Victoria, five employees completed the WorkCover-accredited Occupational Health and Safety Certificate for Safety Committee Members.

In New South Wales two employees undertook the WorkCover-accredited Occupational Health and Safety Committee Consultation training in November 2005.

In October and November 2005 four employees completed the 'Workplace Health and Safety for Representatives and Committees' course conducted by Commerce Queensland.

In October and December 2005 two employees completed the 'Workplace Health and Safety Essentials for Supervisors and Managers' training course conducted by Commerce Queensland.

In New Zealand, public OHS training was conducted during the year in the following areas:

- implementing the Health and Safety in Employment Act 1992 in the workplace;
- Health and Safety Regulations 1995 and guidelines plus critical issues for safety in the workplace;
- managing occupational overuse syndrome (OOS) and general office safety;
- preventing hearing loss at work;
- stress and fatigue, awareness and management in workplaces;
- chemical hazards in the workplace: recognition, evaluation and control;
- height safety; and
- confined space entry.

In New Zealand, attendance at our public OHS seminars continued with 541 people participating during the year, including 59 of our employees.

Emergency Training sessions in the correct selection and use of fire fighting equipment were conducted in our Central, Northern and Western Regions. Fire warden training sessions were conducted in the Western, New Zealand and Northern Regions and fire evacuation drills were conducted in the Northern and Central Regions. Our goal is to ensure all branches receive appropriate emergency preparedness training.

First aid training continues to be made available throughout the business with a number of employees undertaking training this year. Branch action plans continue to require Branch Managers to ensure an appropriate number of employees are trained in first aid.

Compliance

Environmental We are not aware of any potential non-compliance during the year with environmental legislation or other environmental requirements, except as set out below.

Our distribution centres hold the majority of our dangerous goods. In all regions we have undertaken a review of these dangerous goods stores as well as those at various other branches. As reported last year, Southern Region continues to implement required changes, with Western Region having completed the implementation. Our Northern and Central Regions are now carrying out changes.

Last year we reported that 51 Australian branches did not have spill kits. All branches that require these kits now have them.

In New Zealand, to meet the requirements of the HSNO Act the following actions are being undertaken:

- the movement of applicable workplaces from Dangerous Goods Certification to Site Location Certification. The relevant sites have been issued with temporary certification and are working with the New Zealand Environmental Risk Management Authority Test Certifier to achieve Site Location Certification.
- in the first review of Blackwoods Paykels Distribution Centre at Wiri in Auckland, an unknown drainage manhole was discovered in the Dangerous Goods Store. The drainage access point has been sealed, as the store could not otherwise be considered appropriately bundled.

National Pollutant Inventory (NPI) We did not use any of the substances listed under the NPI during the year and therefore we were not required to report under the NPI.

Health and Safety We are not aware of any potential non-compliance during the year with health and safety legislation or other health and safety requirements, except as set out below.

Our HSE Action Plans address various compliance issues applicable to our operations around Australia and New Zealand including:

- emergency response;
- dangerous goods and hazardous substances management;
- development of manual handling risk assessments;
- contractor management;
- audits/inspections;
- plant and equipment management;
- traffic and pedestrian management;
- isolation lock out/tag out; and
- design control.

We received 16 notices from relevant authorities covering safety-related issues.



Dangerous goods storage area at the Blackwoods Distribution Centre, Canning Vale, Western Australia.

On 16 and 17 February 2006, the Victorian WorkCover Authority issued one prohibition notice and four improvement notices to our Blackwoods Shepparton branch in relation to pallet racking, traffic management, forklift charging and explosion risk and new stock trolleys. The prohibition notice was lifted the following day due to a report by structural engineers. Corrective actions for the improvement notices were completed and approved by the inspector on 6 March 2006.

In January 2006, the Victorian WorkCover Authority issued one improvement notice to our Blackwoods Geelong branch in relation to manual handling. Corrective actions were completed and approved by the inspector on 8 February 2006.

On 9 December 2005, Workplace Health and Safety Queensland issued seven improvement notices to our Mullings Fasteners Mackay branch in relation to access issues, lack of high visibility clothing, amenities, pallet racking, loading vehicle management, forklifts and loads at height. These matters have been rectified.

On 16 November 2005, Workplace Health and Safety Queensland issued three improvement notices to our Blackwoods Virginia branch in relation to traffic management, the risk of falling objects from products being stored, and LPG Cylinders. These matters have been rectified.

WorkCover inspectors visited our Blackwoods Smithfield site in New South Wales in May 2006 in regards to a forklift-related incident which had occurred in December 2005. The visit was to review corrective actions from this incident. The inspectors did not issue any improvement or prohibition notices as a result of the visit.

Licensing and approvals We are not aware of any potential non-compliance during the year with licensing or approval conditions or other requirements, except as set out below or above under 'Environmental' or 'Health and Safety'.

Five of our dangerous goods licensed/registered sites within our Southern, Central and New Zealand Regions continued the task of reviewing their dangerous goods processes. Other branches across Australia and New Zealand are being reviewed against legislative requirements to ensure compliance with requirements.

Blackwoods at Scoresby in Victoria do not require a Dangerous Goods storage licence under state legislation, however, a 'Record of notification of Storage/Handling of Dangerous Goods' under the Dangerous Goods Act 1985 has been issued by WorkSafe Victoria. Blackwoods Atkins at Canning Vale in Western Australia applied to the Department of Industry and Resources (DoIR) in January 2006

to licence 13 kilolitres of aerosols (class 2 flammable gases) which are to be stored in an existing dangerous goods store comprising of aerosol cages. The licence has been granted on the condition that the existing fluorescent lighting is replaced with non-sparking fluorescent lighting. We are addressing this issue.

As reported last year, in New Zealand the introduction of the HSNO Act requires the movement of applicable workplaces from Dangerous Goods Certification to Site Location Certification. The relevant sites have been issued with temporary certification and are working with New Zealand Environmental Risk Management Authority Test Certifier to achieve Site Location Certification.

Blackwoods Scoresby has in the past held a licence to sell schedule 5 and schedule 6 poisons. The requirement to hold this licence was repealed during 2005 and no licence will be required in the future.

Our Blackwoods Winnellie branch in the Northern Territory holds a licence to sell or supply poisons, specifically hydrofluoric acid.

Last year we reported that in Victoria Blackwoods Scoresby branch and Mullings Fasteners at Campbellfield carry Ramset explosive safety cartridges and therefore required licences. Ramset have since advised that we do not require these licences.

We sell certain food items such as coffee, tea and sugar. In Australia and New Zealand the Food Standards Code requires the registration of businesses selling packaged food items where local councils enforce this requirement. Five of our 18 branches requiring registration are registered. We will continue to progress registration of the unregistered branches. In our Western region a bill currently before parliament will require branches to be registered with their local councils and pay an annual fee.

MANAGEMENT SYSTEMS

Integrated Management System Our GetSAFE integrated HSE management system being implemented across Australia was developed following the internal audit of our systems conducted last year. Our New Zealand businesses continue to follow their existing integrated HSE system.

All aspects of our management system are communicated to employees through our enterprise portal, therefore ensuring current information is available to all employees.

Environmental Management System (EMS) In New Zealand, the protective clothing, safety products and graphics factories have an Environmental Management System which is certified to ISO 14001:2004.



Power factor unit at Bakers Construction and Industrial, Blacktown, New South Wales.



New pallet racking at Bakers Construction and Industrial, Blacktown.

Quality system In New Zealand, our safety products factories have current ISO 9001:2000 quality system certification.

Safety Management System (SMS) In New Zealand, the Safety Management System of the protective clothing, safety products and graphics factories is accredited to AS/NZS 4801.

Our New Zealand businesses achieved Tertiary Level in Accident Compensation Corporation Workplace Safety Management Practice.

Our largest labour hire contractor in Australia, Skilled Engineering, has achieved certification of its OHS Management System to AS/NZS 4801.

Other management systems In New Zealand, our Techsafe Laboratory continued accreditation to ISO 17025:1999 - General Requirements for the competence of testing and calibration laboratories.

Policy Our policies were reviewed during the year. The OHS policy outlines our commitment to creating and maintaining an environment that is safe for all employees, contractors, visitors and the general public in order to achieve our target of minimising accidents, injuries and occupational illnesses.

Our environmental policy outlines our commitment to minimising adverse effects on the environment as a result of our operations.

Our injury/illness management and return to work policy outlines our commitment to the prevention of injuries and illness and to assist any injured employees to return to satisfying, productive employment.

All HSE policies are communicated to our employees and contractors through noticeboards, our employee handbook and our enterprise portal, therefore ensuring current information is available to all employees.

Environmental

AIR (ATMOSPHERIC EMISSIONS)

Dust We continue to address the potential dust hazard reported last year at our safety products factory in New Zealand through continued baseline health monitoring for employees. The monitoring this year detected no deterioration. We will implement any remedial actions required when identified.

Odour The potential solvent fume hazard identified last year at our safety products factory in New Zealand continues to be investigated through baseline health monitoring for employees. The monitoring this year detected no deterioration. We will implement any remedial actions required when identified.

Greenhouse gas emissions Our total greenhouse gas emissions were estimated to be 29,781 tonnes of carbon dioxide equivalent, down 3.16 per cent on last year. This equates to 2.56 tonnes of carbon dioxide equivalent per hundred thousand dollars of sales, down three per cent on last year.

The greenhouse gas emissions were largely due to electricity (57 per cent) and vehicle fuel use (31 per cent).

Noise Noise level surveys were conducted by an external consultant in April 2006 at our Blackwoods Smithfield Industrial Products Warehouse and at our Motion Industries Swift Centre (gearbox repair facility) at Wetherill Park in New South Wales. Results indicated safe noise levels.

In New Zealand, potential noise hazards were identified at our Safety Products factory and at Blackwoods Paykels Distribution Centre at Wiri. To monitor this issue we initiated baseline monitoring for employees in February 2006 and will implement any remedial actions required when identified.

Employees exposed to noise levels identified as near or at levels where hearing protection is required are issued with the appropriate earplugs or muffs.

Other emissions We are not aware of any emissions of ozone-depleting substances such as chlorofluorocarbons (CFCs), halons, carbon tetrachloride, hydrochlorofluorocarbons (HCFCs), hydrobromofluorocarbons (HBFCs), methyl bromide or bromochloromethane (BCM) during the year.

Waste We are no further advanced in having more accurate measurements of the wastes we generate despite the ongoing liaison with contractors we reported last year. This is because it is difficult to weigh waste products as many branches do not have heavy duty scales or hoists to lift the bins on to scales and this information is not provided by the waste management companies as scales are not fitted to many of their vehicles.

Solid waste Solid waste during the year consisted primarily of general waste and recycled paper.

Our total solid general waste stream during the year was estimated to be 42,329 cubic metres, down 16 per cent on last year. Of this amount, we estimated that 11 per cent is recycled and 89 per cent is disposed of as landfill.

Total solid waste disposed of to landfill per hundred thousand dollars of sales was estimated to be 3.64 cubic metres, down 1.1 per cent on last year.

Liquid waste We generate an inconsequential amount of liquid waste.

The Wetherill Park (New South Wales) branch of Motion Industries has a transmission servicing department generating gearbox oil waste. The oil was collected for recycling by a contractor.

Recycling initiatives All our branches manage their own recycling with many branches this year continuing to separate paper, cardboard, bottles and cans from general waste and other branches introducing new recycling programmes.

In Western Australia, Blackwoods Atkins at Geraldton have started hiring Collex recycling bins for all office waste paper. Blackwoods Atkins at Albany and Newman use a free service provided by Planet Ark to dispose of used printer cartridges from a recycle bin. Protector Alsafe at Albany and Atkins Electrical at Canning Vale have started shredding all office waste paper and using it for freight packing.

Our Blackwoods Regency Park branch in South Australia collected used printer cartridges for recycling. This year 227 kilograms have been diverted from landfill.

Our Blackwoods Scoresby branch records quantities of printer cartridges collected for recycling. This year 120 cartridges have been returned to Upstream (Lexmark) and 74 cartridges sent to the Recycle Centre.

Wherever possible we re-use packaging materials to dispatch goods to our customers but it is not practicable to record.

Our Dandenong steel processing branch in Victoria, which was sold on 1 July 2006, continued to dispose of steel cut scrap waste through a recycling contractor.

As reported last year, our New Zealand branches have implemented a wide range of recycling initiatives.

LAND

Flora and fauna There are no known direct impacts on flora and fauna by our operations.

Contamination Two fuel tanks located at Blackwoods Smithfield were removed in May 2006. Prior to the removal, the tanks were pumped of any liquid, to ensure no leakage from the tank into the surrounding soil. The holes created by the two tanks were then re-filled with 'Virgin Excavated Natural Material'.

Blackwoods Coopers Plains in Queensland currently has two underground fuel tanks. A Flammable and Combustible Liquids licence issued by the Brisbane City Council is current for this storage facility. The branch is relocating to a new site in early 2007. The removal of the tanks has been planned for prior to the

sale of the site including environmental validation sampling of the excavated tank pit soil and a complete and comprehensive site history as required by the Environmental Protection Agency (EPA) for the removal from the Environmental Management Register (EMR).

Resource usage In New Zealand, a pilot project has been started to measure and compare branch electricity usage per square metre. The aim is to investigate the reasons why some branches of the same or similar size consume more electricity. Where differences are identified, further work will be done with the objective of reducing overall energy usage.

To assist with the compilation of data for this project, all New Zealand workplaces have the choice of being serviced by two electrical providers. An 'Energy Challenger' report facility has also been made available which gives branches a rating scale of their energy usage as compared to industry standards. It is intended that this report will be used to analyse success in reducing waste in energy consumption.

We continue to track our energy use and promote our energy awareness campaign.

Energy Energy use during the year related primarily to electricity, gas and fuel.

Total energy consumption was estimated to be 170,275 gigajoules, down 13.5 per cent on last year.

Our total energy consumption per hundred thousand dollars of sales was 14.6 gigajoules, down 13 per cent on last year.

Energy sources are detailed below.

Fuel Petrol, diesel and LPG accounted for 61 per cent of our total energy consumption by gigajoule. Our petrol, diesel and LPG consumption was 2,855 kilolitres, 63 kilolitres and 111 kilolitres, respectively.

Electricity Electricity accounted for 38 per cent of our total energy consumption by gigajoule. Our electricity consumption was 17,997,484 kilowatt hours.

In December 2005 our Blackwoods Smithfield and Bakers Blacktown branches in New South Wales installed power factor correction units as part of an initiative to reduce the consumption of energy and reduce greenhouse gas emissions.

Natural gas Natural gas accounted for one per cent of our total energy consumption by gigajoule. Our natural gas consumption was 1,994 gigajoules.

WATER

Consumption Water use during the year related primarily to general site amenities, such as kitchens and bathrooms.

Total water consumption was estimated to be 81 megalitres, up 30 per cent on last year.

Our total water consumption per hundred thousand dollars of sales was estimated to be 6.9 kilolitres, up 32 per cent on last year.

Our primary source of water is scheme water.

Reuse and recycling At our TotalCare operation in New Zealand, where the cleaning of fire service uniforms is undertaken, water recycling forms part of the operation. On the rinse cycle, water is recycled through a filter and then re-used for rinsing purposes on a second occasion. All water used in the operation goes through a fine micron filter before discharge into the sewerage system. Used filters are changed approximately every two days and are disposed of by Chemwaste, a chemical waste company.

In 2007 we are opening a new Blackwoods Distribution Centre in Brisbane. The centre will have a 140,000 litre underground water tank. This tank will hold water harvested from 25 per cent of the total warehouse roof area of 9,000m². The tanks will supply water to all amenities and will also be used for irrigation purposes.

Discharges to surface and groundwater Our Industrial Products Warehouse at Smithfield houses a detention tank which allows large volumes of storm water collected from roof discharge to be released gradually into the storm water system.

Safety and health

Lost time Our LTIFR was 5.1 (compared with 4.3 last year), see Figure 1, and, during the year, there were 29 LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 8.1 (compared with 12.3 last year). These statistics include regular contractor hours and injuries.

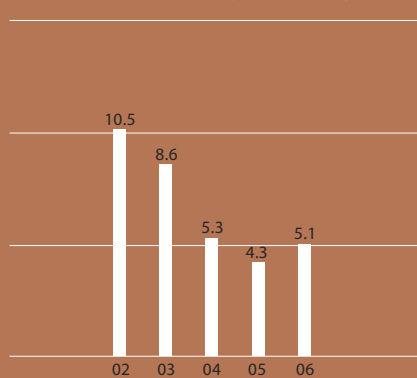
We had an increase in injuries overall in 2006 as compared to 2005. Specifically we had more accidents reported as the types below:

- indoor environment;
- mobile plant;
- other materials, substances or objects;
- machinery and fixed plant;
- non-powered hand tools;
- powered equipment, tools and appliances;
- non-powered equipment; and
- outdoor environment.

This can be attributed in part to increased employee awareness as a result of the implementation of the incident management system in 2005.

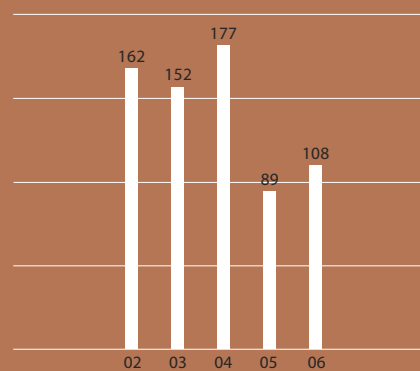
Safety statistics are distributed and discussed by management each month and reported to our Board every three months.

Figure 1: Lost Time Injury Frequency Rate*



*1 July 2001 - 30 June 2006 (as at 30 September 2006)
Contractor hours and LTIs included

Figure 2: No. of Workers Compensation Claims



Workers compensation There were 108 workers compensation claims reported, relating to occurrences during the year, compared with 89 last year (see Figure 2).

HAZARD AND RISK

Programmes All our branches have an HSE Action Plan which includes action items from the HSE Survey, mentioned previously, and hazards identified from risk assessments undertaken in the branch/department.

The survey scoring system has been maintained to allow year-to-year comparisons of branch results with the goal being continuous improvement. We achieved an overall average compliance level of 59 per cent, compared with 49 per cent last year.

In Australia we revised all our existing safe operating procedures and launched a number of new procedures including those relating to cable roller, air compressor, cardboard compactor and stretch wrap machine operations.

Our Contractor Management Policy has been reviewed to ensure that all services supplied to us by contractors meet internal and external HSE standards. Implementation of this policy started in June 2006 in New South Wales and Victoria and will be progressively introduced to all regions.

An overarching HSE auditing system was implemented during the year incorporating Workplace Inspections Policy and an OHS Auditing Policy. The Workplace Inspections Policy aims to ensure that workplace inspections are undertaken regularly for the purpose of identifying hazards and issues that require corrective action, evaluation and review. The OHS Auditing Policy aims to ensure the WIS HSE Management System effectively meets the WIS HSE policies as well as objectives and targets for injury/illness prevention and continuous improvement - conforming to the relevant legislation, codes of practice or standards - and has been properly implemented and maintained.

Emergency response Emergency response continues to have focus within the business. The launch of GetSAFE included the release of a revised Emergency Preparedness and Response Policy.

We have continued our national contract with CHUBB to provide emergency equipment servicing at all our Australian branches.

We use the services of trauma counselling professionals to support any team member or customer involved in a serious incident at one of our branches.

Materials handling and storage We had 67 manual handling injuries compared with 77 last year. Of these, 54 were recorded in Australia compared with 61 last year and 13 were recorded in New Zealand, compared with 16 last year.

As mentioned earlier in this report, we this year concentrated on implementing a strategy to address manual handling risk.

Our employees are involved in various materials handling and storage activities including unloading, packing, unpacking and storage of products. To reduce the need for manual handling we use mechanical conveyors, mechanical and other material handling aides such as forklifts, pallet jacks and trolleys, pallet racking designed for warehousing and other systems of storage such as conventional warehouse shelving.

A policy on pallet racking and storage was released this year which resulted in a number of our branches reviewing this aspect of their operations. Pallet racking is being replaced or upgraded where required. Blackwoods at Lismore in New South Wales and Blackwoods at Southport in Queensland have replaced their pallet racking. In the new purpose - built facility at Blackwoods Townsville, all pallet racking has been installed conforming to Australian Standards.

The review has also ensured that all branches have SWL (Safe Working Load) signage on their racking and all 'stand alone' single-sided pallet racking has safety mesh on the back to prevent items from falling during loading and unloading.

These initiatives have also concentrated on the secure storage of goods kept in pallet racking structures at heights. In conjunction with a local manufacturer, Blackwoods Coopers Plains have designed and ordered 50 steel pallet cages, and Blackwoods Townsville, 20. We will look at broader implementation across branches where appropriate.

Safety work platforms have also been purchased for use in all North Queensland branches as required.

In May 2006 three new electric reach forklifts were introduced at our Smithfield Imports Warehouse. The suppliers provided an induction session for all the operators prior to first use. These forklifts possess advanced electronically-controlled operating systems. As reported elsewhere, we continue to review our dangerous goods stores, which include storage compliance in each region.

Risk assessment Detailed site-specific risk assessments continue to be undertaken and hazards reviewed for all sites. Control measures recommended in the risk assessments form part of the HSE Action Plan for each branch/department.

The development of Safe Operating Procedures to cover many of our tasks continued throughout the year and in Australia these are placed on our WISBIS Enterprise Portal as they become available.

Another focus this year was to address the risk of the interaction of mobile plant and people, with a number of branches reviewing their traffic management and implementing changes where required. As reported last year, a generic Traffic Management Plan was developed and changes made at some of our stores. This process continues. In particular at Blackwoods in Smithfield an extensive pedestrian and mobile equipment traffic control initiative took place during April 2006. This included safety walkway line markings and fixed barrier fencing to maintain physical separation of mobile equipment and pedestrians. Blackwoods Mackay in Queensland has implemented new control measures as part of a traffic management plan to reduce risk of a pedestrian, mobile plant or vehicle incident.

Employee wellbeing Our integrated HSE management system includes policies to address various employee wellbeing issues including:

- equal opportunity;
- non smoking;
- health assessment and monitoring;
- drugs and alcohol; and
- injury/illness management and return to work.

Employee health assessments are carried out for new and existing employees and based on the risk profile of the position.

Our Employee Assistance Programmes (EAP) in Australia and New Zealand continue to be accessed by our employees. The counselling and consulting services offered by our EAP providers are professional, confidential and free of charge to employees and members of their immediate families.

This year, branches in our Southern, Western and New Zealand regions offered influenza injections to their team members.

Community

Stakeholders Our stakeholders include our employees, our customers, our suppliers and other contractors, relevant government agencies, the communities in which we operate and shareholders in our parent company, Wesfarmers Limited.

Feedback/Complaints We have not received any HSE-related complaints during the year.

Liaison with authorities In January 2006, our Blackwoods business voluntarily recalled JBS Chain Blocks over a potential minor issue with the product range. Our supplier was made aware of a lone incident from an overseas distributor of a potential hazard whereby anchor pin distortion occurs during product misuse. Under

Case Study : Increasing Our Safety Focus In March 2006 we launched our new HSE Management System, GetSAFE. Initially GetSAFE is being implemented in New South Wales and Victoria and will be progressively implemented across all our regions over the next two years.



Team Leader Rob Duncan (centre) during a tool box talk at the Protector Alsafe warehouse at Smithfield.

The launch involved a number of communication and change initiatives including a one day information session for all managers, the release of an internally-designed GetSAFE video clip to employees and the issue of promotional materials.

The process leading up to the GetSAFE launch consisted of drafting the new HSE policies and procedures, consulting with the business and updating policies to include any relevant feedback.

The GetSAFE Management System is a controlled system covering our three main policies relevant to planning, implementation, risk management, specific hazards, measurement and evaluation, injury management and return to work and the environment.

An HSE Organiser forms the basis of the GetSAFE implementation whereby all the tasks for the year are detailed and their required month of completion in relation to review and compliance, policy implementation, inspection and testing, training and monitoring and audits.

Competency-based training and instruction plays a significant role in the implementation of GetSAFE. Since March 2006 we have developed and delivered face-to-face training programmes including HSE Essentials for Managers, HSE Essentials for Employees and specific hazard training in relation to dangerous goods and manual handling. One hundred and eighty seven managers in New South Wales and Victoria received the Essentials for Managers training and 845 employees undertook the four hour Essentials for Employees course in those states. Manual handling and dangerous goods training was delivered in face to face sessions for 963 and 691 managers and employees respectively.

A number of toolbox talks are also being conducted on a local level on topics such as emergency preparedness, environment, fatigue management, alcohol and drugs, and working on customer premises.

correct operating conditions outlined in the instruction manual no failure occurs and the units are deemed safe for use. This potential hazard voids compliance to the mandatory standard AS1418.2 (NSW exception). For compliance, a failsafe device has been engineered. This device can easily be attached to the chain block remotely.

In July 2006, our NZ Safety business received a warning from the New Zealand Commerce Commission over an alleged attempt to stop other businesses supplying safety products to a competitor. The Commission concluded that e mails sent by three employees in December 2004 may have placed our company at risk of contravening or attempting to contravene a section of the Commerce Act that prohibits actions which may substantially lessen competition. The Commission described our employees' actions as "extremely serious conduct" but said it would take no further action. Our Managing Director said the company regretted the incident and acknowledged that some of the language in the e mails was inappropriate. He pointed out that specific training courses have been put in place for New Zealand employees on the Commerce Act as part of the broader Wesfarmers Group training on trade practice laws.

Action groups In New Zealand, employees are being encouraged to get involved with 'Coach Corp' which is an initiative through the Department of Sport and Recreation NZ (SPARC). This programme encourages volunteers to coach sport teams or individuals. SPARC puts together a plan whereby businesses allow their employees to take time during work hours to coach teams or individuals in sporting activities, without any reduction in their pay. This initiative was launched in May 2006. We already have one employee involved and a number of others interested.

Communication We have HSE Committees in place across our business as well as HSE Champions in our smaller branches. Committee meetings or branch meetings are conducted regularly to address issues within that branch/department.

Lessons Learned on HSE issues are broadcast to employees via email or notice boards.

An HSE Consultation and Communication Policy was implemented in New South Wales and Victoria in April 2006, as part of the GetSAFE management system. This policy aims to provide employees with a consultation structure for the communication and management of HSE issues, suggestions, resource allocations and other matters raised in the workplace and will be progressively introduced.

Newsletters and reports Our internal HSE newsletter, 'HSE News' is published and distributed quarterly. It includes current company projects/initiatives, legislation updates, case law snippets, Lessons Learned and health and lifestyle issues.

An HSE performance report is distributed and discussed by management each month and reported to our Board every three months.

Our internal Company newsletter 'In The Know' is communicated monthly to all employees. HSE matters are included in the newsletter to ensure employees are kept up to date with current HSE performance and initiatives.

In New Zealand, monthly awareness topics and a 'Safety Notes' newsletter are distributed.

Website Information about our operations, including Material Safety Data Sheets for specific products in our range, is available from the following websites:

www.blackwoods.com.au
www.blackwoodspaykels.co.nz
www.motionind.com.au
www.mullings.com.au
www.bakers.net.au
www.protectorsafe.com.au
www.protectorsafety.co.nz
www.packaginghouse.co.nz
www.nzsafety.co.nz

Priorities for the Future

07 PRIORITY

Improve our safety performance by at least halving our LTIFR each year with a target of zero LTIs.

07 PRIORITY

Improve our safety performance by reducing our total number of injuries (lost time, medical treatment and first aid) by 30 per cent.

07 PRIORITY

Continue the implementation of GetSAFE across Australia, including change and communication initiatives.

07 PRIORITY

Incorporate positive HSE performance indicators in our performance management systems.

07 PRIORITY

Reduce manual handling injuries by 30 per cent.

Community support We have continued to provide support to a large number of community and social organisations. Examples of these are:

- PCYC;
- local sporting clubs;
- cancer associations;
- Jeans for Genes day;
- Habitat for Humanity NZ;
- Surf Life Saving Clubs;
- Drug Awareness and Relief Movement;
- Salvation Army; and
- Clean up Australia Day.

We made donations to a number of schools and colleges, from the following branches: Blackwoods at Smithfield and Wagga Wagga in New South Wales and Townsville in Queensland; Blackwoods and Protector Safety Supply in Auckland; Blackwoods Paykels in New Plymouth; NZ Safety at Whangarei; NZ Safety in Invercargill; Packaging House at Palmerston North; Protector Safety Supply in Rotorua; Blackwoods Paykels in Timaru; NZ Safety in Nelson; Packaging House in Rotorua and NZ Safety in Petone - all in New Zealand.

In New South Wales the Blood Bank mobile donor service attends at the Blackwoods Smithfield and Wetherill Park stores/distribution centres during the year for donations from employees.

Blackwoods donated two generators and 30 shovels to assist in the Cyclone Larry recovery effort. The towns of Innisfail and Millaa received the goods and used them in areas such as the local fire station and a foster care home.

Our total contribution to charitable organisations was \$4,906. In addition, employee contributions of which we are aware totalled \$2,886.

CSBP

We are one of Australia's major suppliers of chemicals, fertilisers and related services to the mining, minerals processing, industrial and agricultural sectors.

We operate a major industrial complex at Kwinana in Western Australia and other complementary facilities in regional areas and employ more than 600 people. CSBP Chemicals' core products include ammonia, ammonium nitrate, sodium cyanide, chlorine and caustic soda. CSBP Fertilisers manufactures, imports and distributes an extensive range of phosphate, nitrogen and potassium fertilisers, in blended and liquid form. The operations of our 75 per cent-owned sodium cyanide joint venture, Australian Gold Reagents Pty Ltd (AGR), are also included in this report.

Process technician Gerry Dennison at the Ammonia plant, Kwinana, Western Australia.



Our Priorities & Outcomes 2005 - 2006

06 PRIORITY

At least halve our LTIFR with an ultimate aim of zero LTIs.

06 OUTCOME

Not achieved.



06 PRIORITY

Continue to reduce workplace injuries.

06 OUTCOME

Achieved.



06 PRIORITY

Reduce contaminant emissions.

06 OUTCOME

Achieved. Reduced emissions in all environmentally-significant areas.

06 PRIORITY

Obtain or retain endorsement of our safety reports for our four major hazard facilities.

06 OUTCOME

Partially achieved. Retained endorsement for existing safety reports. The ammonium nitrate business safety report is to be considered by DOCEP in 2006/2007 as part of the expansion of this business.

06 PRIORITY

Continue to work safely and effectively to deal with our historic wastes.

06 OUTCOME

Achieved. The Bayswater remediation began and several other projects were advanced.

06 PRIORITY

Increase the use of recycled water and contribute to reduced scheme water use in Kwinana.

06 OUTCOME

Achieved. We began using water from the Kwinana Water Reclamation Plant and continued our water transfer arrangement with an industrial neighbour to reduce their use of scheme water.

06 PRIORITY

Maintain our contribution to the social well-being of the Western Australian community.

06 OUTCOME

Achieved. We increased our number of employees, committed to a major capital investment and maintained an active community support programme.

Overview

The main challenge facing our business on an ongoing basis is the safe operation of our facilities in a way that minimises any adverse impact on the environment or the communities in which we operate.

In dealing with this challenge, the three main environmental areas on which we focused our attention during the year were progressing the remediation of our contaminated site at Bayswater, continuing to manage our environmental emissions and effectively managing our water sources.

We continued to operate our groundwater treatment plant at Bayswater to reduce heavy metal contaminants and neutralise acidity. Having received Ministerial approval, as reported last year, we initiated the excavation of contaminated soil for disposal at the Redhill Landfill Facility.

We ceased effluent discharges to Cockburn Sound, on the shores of which our Kwinana facilities are located. Our wastewater is now discharged to the Sepia Depression Ocean Outfall (SDOOL). We continue to maximise the efficiency of our pilot nutrient-stripping wetland.

During the year we accepted treated water from the Kwinana Water Reclamation Plant (KWRP). We remain focused on reducing our water use and our contaminant discharges.

The two main safety areas on which we focused our attention during the year were identifying opportunities for improvement in safety and risk management. All of our programmes and policies support our commitment to achieving zero harm to our employees, whereby all risks are managed as effectively as possible so that injuries or negative outcomes are avoided.

The key opportunity for safety improvement was the establishment of a wider range of positive safety indicators, such as encouraging the reporting of the number of hazards and 'near misses' and the completion of hazard and housekeeping inspections, against set targets. Other identified opportunities included increasing the involvement of safety representatives across the business, monthly safety topics and an enhanced safety auditing process.

All our incidents, hazards, safety meetings and risks are required to be recorded on our electronic reporting tool SiteSafe. All actions arising from these reports are tracked to completion using the programme.

Business management

TRAINING

Increased focus and improvement on training and development was realised with the establishment of a specialised department. This has increased the resources allocated to the initial competency management system project. The focus for training and development includes:

- the identification and development of critical operator competencies and modules to ensure delivery to relevant personnel via the competency management system;
- centralising and coordinating the delivery of training across the business to increase training attendance, compliance and cost effectiveness; and
- the implementation of a graduate programme, which will complement the existing Wesfarmers programme by extending it to engineers and other professionals.

Training and development infrastructure will continue to be improved through education, assigning a training and development resource in each of the business units and improving our information technology support systems.

Environmental We continue to use our monthly internal newsletter and electronic sign at the Kwinana site to promote environmental topics. Training will be reviewed further as part of the review of our environmental management system.

Health and Safety The focus of health and safety training contributes to our primary goal of zero harm to our employees.

We provide certification training in first aid to our employees. This year, 15 courses were held, training a total of 55 participants. This is beneficial to the business as it provides personnel who can apply first response techniques in an emergency. It is also of benefit to employees' families and the community generally.

Soft tissue injuries arising from manual handling are being addressed through engineering modifications, improved process



Removing soil from a contaminated site at Bayswater, Western Australia.



CSBP and fire and emergency services personnel at a training exercise, in Baldivis, Western Australia.

management, raising employee knowledge and awareness, as well as improved injury management for sprains and strains.

In addition, our employees completed training courses in HAZOP (Hazard and Operability Study), and Incident Cause Analysis Method, an incident investigation tool.

In order to improve the standard of safety of contractors we engage, a revised procedure for their selection and management was developed. All new employees and contractors are required to complete an induction programme to ensure all people on our sites have a sound understanding of safety rules and systems. A general induction is followed up with an area-specific induction that ensures awareness of the potential hazards in particular places of work. Electronic media training packages are being utilised for business unit and contractor inductions in the ammonia, ammonium nitrate, chlor-alkali and sodium cyanide plants. Similar electronic media training packages are being developed for the remaining business units.

A specific safety training module has been identified and developed as part of the overall competency management project. Completion of the module is compulsory for all operations and maintenance employees.

Emergency The focus of our emergency response function remains firmly on the ability to respond to an industrial or medical emergency at our operating sites and the stewardship of our products in the community.

Where our products are involved in off-site incidents we have the capacity to provide technical and operational support to our clients and government emergency response agencies. During the year we conducted two exercises involving customers and emergency services agencies.

Training is continuing in first response competencies for all operational staff.

At Kwinana we maintained strong links with Western Australia's emergency management authorities which are a key part of our response strategies.

We are actively involved in Local Emergency Management Committees for Rockingham and Kwinana as well as being a part of the Kwinana Industries Mutual Aid Group and the Kwinana Industries Public Safety Group.

COMPLIANCE

Environmental We are not aware of any potential non-compliance during the year with environmental legislation or other environmental requirements, except as set out below.

During the year we reported 33 potential non-compliances to the Department of Environment (DoE). The increase from last year is related to our wastewater discharges. We are working with the Department of Environment and Conservation (formerly DoE) to align our licence to levels in accord with ambient environmental standards. We anticipate that several of these licence limits may increase as they are currently well below ambient standards necessary for environmental protection:

- one potential non-compliance related to emissions of oxides of nitrogen (NOx) on the sodium cyanide plant which was above the licence limit of 12 grams per second for a period of approximately 30 minutes. This occurred when the Selective Catalytic Reactor was in the process of coming on line. Our licence has been modified to accommodate these short periods of instability in such circumstances;
- two related to a daily composite sample not being collected from wastewater discharges. Our online monitoring system and sample from the wetland confirmed that no unusual emissions occurred during these periods;
- twenty four related to wastewater discharges to Cockburn Sound/SDOOL of heavy metals including vanadium, iron, molybdenum and copper. The concentrations in these instances were below the Cockburn Sound State Environment Policy for ambient water quality and hence created no environmental harm;
- one related to wastewater discharges from the sodium cyanide plant to our internal effluent system. There was no exceedance of any limit on discharges to the environment;
- one related to emissions of ammonium nitrate particulate from the prilling plant which resulted in a letter of warning from the DoE;
- two related to NOx emissions from the ammonia plant. The tests were repeated and were within licence limits. We are continuing to investigate the cause of the elevated emissions and have reported the issue to the DoE, which has indicated that no enforcement action will be taken; and



A new permit to work system has been introduced which includes the use of locks.

- one related to chlorine monitoring not taking place for four days on the chlor alkali plant stack. Our in-plant monitoring at the time indicated the plant was operating in a stable fashion.

In addition we also had an incident involving a small chlorine release from the chlor alkali plant where one employee was injured by inhalation. We reported this to the Department of Consumer and Employment Protection (DOCEP).

In October 2005 DoE advised that our small exceedance of groundwater abstraction licence for the 2004 year would not result in any further action.

The discharges to Cockburn Sound in April, May and June 2005 are still under consideration and the DoE has referred the matters to the local environmental enforcement group. In August 2006, DoE advised that no further action would be taken in respect to 32 of the 33 non-compliances mentioned above. The final one, relating to chlorine monitoring in June 2006, is still the subject of consideration.

National Pollutant Inventory (NPI) Emissions notifiable under the NPI were estimated for substances listed on the NPI. Data for the 2004/2005 reporting period was submitted to the DoE. Detailed information is available at: www.npi.gov.au. All our substance emissions for last year were ranked by the NPI as 'low'.

Health and Safety We are not aware of any potential non-compliance during the year with health and safety legislation or with other health and safety requirements, excepts as set out below. This year, we received eight improvement notices from WorkSafe. Three were related to an incident where an employee was injured by falling from a ladder. Another three notices were related to an incident where an employee was injured by a conveyor. One notice related to employees working in isolation and another notice was related to traffic management.

We are working to complete the requirements specified within each improvement notice and will report back to WorkSafe.

All of the improvement notices issued by WorkSafe last year have been completed as required. This includes the work permit system, which has been reviewed and modified to include lock out of electrical isolations. This programme will be implemented in a staged rollout, due for completion by February 2007.

Licensing and approvals We are not aware of any potential non-compliance during the year with licensing or approval



My Linh Tran (left) and An Tran at the Bibra Lake soil and plant analysis laboratory.

conditions or other requirements, except as set out below or above under 'Environmental' or 'Health and Safety'. As reported under 'Noise' we have potential non-compliances with regulations on the northern and eastern boundaries of our Kwinana site.

All relevant licences including Environmental Protection Act, Rights in Water and Irrigation Act, Poisons Act, Dangerous Goods storage and National Industrial Chemicals Notification and Assessment Scheme licences were renewed. In addition, approvals were sought relating to specific projects.

These included:

- approvals for the duplicate ammonium nitrate prilling plant and nitric acid plant;
- approval for the upgrade to our sodium cyanide solids plant to 45,000 tonnes per annum;
- planning approval for the reuse of gypsum at Wellard Road;
- clearing permits for vegetation at Wellard Road; and
- approval of the site management plans for Bayswater site remediation.

In each case the relevant approval was granted.

MANAGEMENT SYSTEMS

Environmental Management System (EMS) We began the review of our EMS. This has included the development of a database for our identified risks and compliance commitments that will align with our SiteSafe system. During the 2006/2007 year we will start implementation of the revised EMS in consultation with the business units.

Quality system We maintained certification to AS/NZS ISO 9001:2000 for the chlor alkali and ammonium nitrate processes. This involved two satisfactory external audits. We also conducted nine internal audits during the year.

The Kwinana Laboratory was reassessed by the National Association of Testing Authorities (NATA) and accreditation to AS ISO/IEC 17025 2005 was continued subject to a number of conditions that were raised.

As reported last year the sample room underwent renovations to reduce noise, dust and manual handling risk and to provide better workflows and storage. The upgrade was completed satisfactorily.

Senior laboratory staff continued to be actively involved with NATA as technical assessors, and with the WA branch of the Royal



Training to ensure the safe handling and transportation of sodium cyanide.

Australian Chemical Institute (RACI) in the Management and Career Development group.

Our soil and plant analysis laboratory at Bibra Lake participates in national proficiency programmes overseen by the Australasian Soil and Plant Analysis Council and international plant analysis programmes overseen by Wageningen University in the Netherlands.

Safety Management System (SMS) Annual safety action plans provided the basis for safety improvements across our business with each department responsible for ensuring that its plan was made specific to its area.

The management of chemicals on-site continues through the Chem Alert system. The system provides employees with a user-friendly interface to search, list and report on chemicals approved for use on-site and to access relevant safety data.

We have four major hazard facilities, as defined under the WorkSafe National Standard 'Control of Major Hazardous Facilities'. These are our ammonia, sodium cyanide, chlor alkali and ammonium nitrate plants. As part of this Standard, each of these facilities has a safety report which describes the major risks and how they are managed. These reports are submitted to the DOCEP Resources Safety Division for endorsement and are externally audited on a regular basis. Each action arising from the audit is assigned to an employee who establishes time frames for completion of the action. Some actions include developing long term improvements which are continually tracked with the regulating authority until resolved.

The revised ammonium nitrate safety report is still to be endorsed by DOCEP, but we will be including the modifications necessary for the new ammonium nitrate project and seeking endorsement in 2006/2007.

As a producer of raw materials for explosives and a range of other potentially hazardous chemicals, we continued our focus on security.

By adhering to our values and the Responsible Care codes of the Plastics and Chemical Industries Association (PACIA), our business has developed and maintains systems and promotes behaviours that commit us to handling and dealing with our chemical products properly at all times, from sourcing and manufacture through to transport, distribution and end use.

Policy We have policies that outline our commitment to environmental, health, safety and community issues as part of our business operation. In addition, we are a signatory to the PACIA Responsible Care programme which has six codes outlining best practice in the areas of employee health and safety, manufacturing safety, transport and storage safety, community right to know, product stewardship and environmental protection.

During the year, we conducted three code self-assessments and external verification was conducted on the transport and storage code. Through this association we contribute to developing or commenting on legislative proposals and relevant policies such as the Voluntary Code of Conduct for the distribution of ammonium nitrate and major hazard facilities, dangerous goods and security issues in the chemicals industry. We are actively represented at Board and Council level in PACIA, the Kwinana Industries Council, the Chamber of Commerce and Industry of WA and the Fertilizer Industry Federation of Australia.

We again intend to undertake our water audit process with the Water Corporation in 2006/2007.

Environmental

AIR (ATMOSPHERIC EMISSIONS)

Please note that data in this section is generally obtained from point source emissions and will differ slightly from those reported as part of the NPI because of the way in which the NPI uses standard assumptions, in part, to calculate potential emissions. In some areas we do not exceed NPI thresholds and we are therefore not required to report.

Dust Our dust emissions are associated with particulate emissions from various operating plants, materials loading on our sites and unsealed surfaces. We estimate our dust emissions using the relevant factors from the NPI and we will report them to the NPI in September 2006.

Dust from all sources reported under the NPI last year (to 30 June 2005) was 222 tonnes.

Odour We did not receive any odour complaints related to our operations during the year.

Greenhouse gas emissions We are a participant in the Commonwealth Greenhouse Challenge Plus Programme and we are currently reviewing our cooperative agreement with the



Structural steel work for the new nitric acid and ammonium nitrate plants.

Australian Greenhouse Office (AGO). As part of our participation, we submitted our 2004/2005 report during the year.

The greenhouse emissions summarised in this report differ slightly from those reported under the Greenhouse Challenge Plus Programme. In the Challenge report we use actual analytical data from our natural gas supply and internal power generation yet in this report we use the standard AGO emissions factors to ensure consistency across Wesfarmers.

Our greenhouse gas emissions were estimated to be 1,340,861 tonnes of carbon dioxide equivalent, down 0.01 per cent on last year. This equates to 0.84 tonnes of carbon dioxide equivalent per unit of production, down 6.67 per cent on last year.

The greenhouse gas emissions were largely due to our ammonia plant (40 per cent), nitric acid plant (48 per cent) and sodium cyanide plant (eight per cent).

During the year we joined the BP Global Choice programme to offset the greenhouse emissions related to our diesel fuel use.

During the year we participated in the operational trial of the Commonwealth's Energy Efficiency Opportunities programme, the trial of the WA Greenhouse Inventory project and the trial of the NPI as a greenhouse emissions reporting tool with the Victorian Environmental Protection Authority.

Noise The noise regulations continue to be reviewed to potentially increase the industry-to-industry boundary level limits from 65dB(A) to 70dB(A). If the limits are increased we will comply with the noise regulations at our boundary. Noise emissions associated with the proposed upgrade of our ammonium nitrate and sodium cyanide plants were outlined in the relevant Public Environmental Reviews. We continue to monitor and implement solutions where possible

and review our noise levels at our boundaries. We have a potential non-conformance on our northern and eastern boundaries.

We have committed to meeting the noise regulations when we commission the new ammonium nitrate expansion.

As reported last year, noise at the boundary between Coogee Chemicals and AGR is above the current limit largely due to tonality associated with a cooling tower. We submitted our noise management plan to the DoE during the year. The plan outlines our management tools and actions. We presented our plan to the Kwinana Noise Reference Group in August 2006. This group consists of representatives from community, industry and government.

We conducted noise monitoring using the 'Barn Owl' directional noise monitoring equipment. This reviewed the impact of noise from our site at the nearest residential area - Medina. We have provided this report to the DoE and it supported the previous modelling showing our effect on noise levels in Medina.

Other emissions Based on our self assessment we expect that we had no emissions of ozone-depleting substances such as chlorofluorocarbons (CFCs), halons, carbon tetrachloride, hydrochlorofluorocarbons (HCFCs), hydrobromofluorocarbons (HBFCs), methyl bromide or bromochloromethane (BCM) during the year.

We have not yet prepared our report to the NPI for the 2005/2006 reporting period or finalised our data estimates, however in 2004/2005 our three most significant emissions were carbon monoxide (460 tonnes to air), ammonia (360 tonnes to air and water) and oxides of nitrogen (270 tonnes to air). Even though this represents a slight increase on our emission levels, all our substance emissions for last year were ranked as 'low' by the NPI. Further information is available at www.npi.gov.au.

Figure 1: Prill Plant Stack Emissions (grams per cubic metre)

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06
Tower	0.021	0.024	0.028	0.015	0.020	0.019	0.017	0.017
Pre-dryer	0.128	0.081	0.186	0.117	0.112	0.111	0.092	0.131
Dryer	0.133	0.168	0.128	0.145	0.091	0.058	0.112	0.092



Effluent recycling ponds at the Kwinana site store liquid waste until it can be reused in the fertiliser manufacturing plant.

Oxides of Nitrogen We measure the production of oxides of nitrogen in our sodium cyanide, nitric acid and ammonia plants. All plants operated within licence limits for these emissions. Our total oxides of nitrogen emissions are calculated from measurements of emissions from these plants and calculations from other sources such as motor vehicles.

Particulates Particulate emissions of ammonium nitrate from our prilling plant were below licence limits for the pre-dryer, the dryer and tower stacks (see Figure 1) with the exception of one result in January 2006 on the prill plant pre-dryer stack. This result was reported to the DoE and as mentioned earlier we received a letter of warning. Based on modelling conducted for the ammonium nitrate expansion we do not believe the ambient standards were exceeded in this incident.

Emissions modelling conducted as part of the ammonium nitrate plant expansion showed that both the existing and the proposed plants meet the relevant ambient guidelines for particulate emissions.

Chlorine Our chlor alert monitoring system was activated 173 times during the year. These alarms are set at very low levels in many parts of the chlor alkali plant to detect chlorine before response levels are reached. The monitors are situated throughout the plant and sound an alarm when chlorine is detected. Trigger levels are set well below that at which health can be impacted. Due to the sensitivity of these meters the chlor alerts can often be caused by normal operating conditions and preparation of equipment for maintenance.

The slight risk exceedance created through the use of ammonia in this area of our site was reviewed during the year but remains unresolved.

WASTE

Solid waste Solid waste during the year consisted primarily of demolition and general production waste.

Our total solid general waste stream during the year was estimated to be 3,521 cubic metres, up 180 per cent on last year. Of this amount, we estimate that 66 per cent is recycled and 34 per cent is disposed of as landfill. (The increase from 2004/2005 is related to the demolition of our former ammonia plant, which created a large volume of steel for recycling.)

Total solid waste disposed of to landfill was 1,181 cubic metres, up 50 per cent on last year (this was again related to the ammonia plant demolition). This equated to 0.97 kilograms waste per tonne of product.

Demolition of the original ammonia plant was completed during the year. The main material generated from this project was scrap steel and concrete and 2,784 tonnes of metal were recycled. The demolition plan was reviewed by the DoE and the Town of Kwinana prior to commencing the project.

The development of beneficial uses for the stockpile of gypsum at our Wellard Road site continues to progress. As reported last year, the main project involves our agreement with Manna Enterprises to establish a blending operation at the site to produce soil ameliorant material using the gypsum stored on the site and lime from Cockburn Cement. The material is to be used to improve soil conditions in the wheatbelt and south west regions of Western Australia, which will reduce the need to source gypsum from the fragile ecosystems of gypsiferous lakes and aid the eventual rehabilitation of the land at Wellard Road. Planning approvals were obtained in late 2005 and we expect to be in full operation by late 2006. In 2006 we commenced construction of a new access road to the property to improve vehicle safety. A large portion of the site contains a functional wetland system and we have committed to transfer the land to the state government for inclusion in the proposed Leda Nature Reserve when the site remediation is completed.

Alcoa continued to take a significant consignment of gypsum from the stockpile, removing 6,354 tonnes during the year. Alcoa uses the gypsum as a soil conditioner in its residue disposal ponds to enhance and promote rehabilitation and improve dust management.

We are an active member of the KIC Eco Efficiency Group which aims to contribute to leadership in sustainable development by improving the overall eco-efficiency of the Kwinana Industrial Area. As part of this, we contribute to the Kwinana synergies research project through the Centre for Sustainable Resource Processing. The project aims to identify further synergies, exchange of by-products, water or energy, in the area. Forty-one were identified and feasibility assessments were progressed for five synergies.

Figure 2: Kwinana Scheme Water Use (kilolitres)

Year	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06
Kilolitres	649,836	366,274	276,196	106,843	160,656	101,143	161,873	183,759

Figure 3: Heavy Metal Discharges to Cockburn Sound & from October 2005 to Sepia Depression (kg/Yr)

Year	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06
Kilograms	3194	2799	947	1028	894	363	659	159

Note: The figures shown are discharge totals. Component metals are Arsenic, Copper, Manganese, Molybdenum, Zinc.

During the year an agreement was finalised with Alcoa and BOC to supply up to 80,000 tonnes per annum of CO₂ from our ammonia plant to Alcoa to aid in residue stockpile stabilisation and also reduce the discharge of CO₂ to the atmosphere from our plant.

Liquid waste Liquid waste during the year consisted primarily of wastewater from our production processes and stormwater run-off.

Our total liquid general waste during the year was estimated to be 726,711 kilolitres at Kwinana, disposed to either Cockburn Sound, or as described earlier to the Sepia Depression Ocean Outfall. This was 33 per cent less than last year, due both to our use of recycled water from the KWRP (which in turn reduces cooling tower blowdown effluent because of its lower salinity than other water sources), and generally lower rainfall. In addition our Albany site disposed of 73,326 kilolitres of rainfall-related effluent, and our Bibra Lake site disposed of 2,843 kilolitres of industrial effluent to sewer.

In addition we reused 22,700 kilolitres of wastewater at Kwinana, an increase of 15.6 per cent on the amount reported last year. We disposed of 371 kilolitres of liquid waste from our Kwinana

site, a reduction of 42.4 per cent on last year and we estimate 76 per cent of this is reused, with the remainder disposed of at a licensed treatment facility.

Recycling initiatives We are committed to continuing to reduce the amount of waste being disposed off-site. We have a number of reuse and recycling initiatives on-site, some including the reuse of waste oil and drums and the recycling of office material, batteries, sodium cyanide boxes and scrap metal.

LAND

Flora and fauna We continued our involvement with the Feral Pigeon Control Group at Kwinana/Rockingham which seeks to control the numbers of these birds. The pigeons compete with and displace many of the local sea birds. We manage this issue on our Kwinana site by deterring pigeons from roosting and breeding on the premises and by limiting potential food sources. This is achieved through regular inspections, removal of feral pigeons and restricting access to roosting areas within buildings.

Contamination Our Bayswater site is contaminated from the products of past production of superphosphate. In October 2005 we received Ministerial approval for the remediation project at Bayswater and DoE approval for the related management plans.



Environmental Advisor Laurinda Shaw taking soil readings during remediation work at the Bayswater site.

The three main issues that require remediation are:

- the presence of contaminated soil;
- impacted groundwater; and
- considerable quantities of asbestos in existing buildings.

The management plans addressing issues surrounding noise, dust, water and soil were approved in January and February 2006 and soil remediation began on 27 February 2006. We have excavated approximately 56,000 tonnes of soil from the identified areas of contamination. The soil is contaminated with heavy metals including lead and arsenic. The soil is disposed to the Redhill Landfill Facility operated by the Eastern Metropolitan Regional Council. We use an X-Ray Diffraction (XRF) monitor to provide contaminant readings in the soil and we continue to excavate each pit until the contaminant concentrations are below the industrial land use Health Investigation Level (F) criteria. Once the XRF monitor has indicated excavation can cease in a soil pit, the edges of the pit are sampled for laboratory analysis to confirm that they meet the criteria.

While these processes have been taking place, groundwater is still being pumped and treated on the site in accordance with the provisions of the Environmental Protection Act. The plant continues to be successful in taking heavy metals out of the groundwater and neutralising acidity.

Asbestos removal will begin towards the end of the site remediation programme, once the buildings are no longer required for use. During the year we also cleaned a superphosphate shed in preparation for its demolition. In keeping with our commitment to inform the community of our plans we continue with the local distribution of information bulletins.

At Kwinana the wastewater treatment plant for the ammonia/arsenic groundwater plume continued through its commissioning process and operated at less than desired effectiveness whilst a number of technical issues were resolved. In mid 2006, the plant was operating in a stable fashion but extraction of arsenic from the groundwater was still not at originally planned levels.

The plant is designed to extract, treat and return the groundwater. Globally, this is the first use of this type of treatment technology in a commercial situation. We estimate that the remediation of the plume will take approximately a further two years once fully commissioned.

RESOURCE USAGE

Energy Energy use during the year related primarily to ammonia and sodium cyanide production and vehicle/equipment fuel.

Total energy consumption was 10,637,982 gigajoules, down 3.7 per cent on last year.

Our total energy consumption 6.65 gigajoules per tonne of production, down 9.8 per cent on last year.

Energy sources are detailed below.

Fuel Petrol, diesel and LPG accounted for 0.68 per cent of our total energy consumption by gigajoule. Our petrol, diesel and LPG consumption was 160.6 kilolitres, 516.6 kilolitres and 40.9 kilolitres, respectively.

Electricity External purchased electricity accounted for 1.34 per cent of our total energy consumption by gigajoule. Our electricity consumption was 39,605,666 kilowatt hours.

Natural gas Natural gas accounted for 98.4 per cent of our total energy consumption by gigajoule. Our natural gas consumption was 10,468,917 gigajoules.

Other materials Our other raw materials are phosphate rock, sulphuric acid, salt, water, caustic soda, sulphate of ammonia, single mono ammonium phosphate and ammonia which we manufacture from natural gas.



CSBP Managing Director, Keith Gordon, is joined by Max Viscovich (left) and Ross Mignacca (centre) from the WA Water Corporation at the Kwinana Water Reclamation Plant valve-turning ceremony.

WATER

Consumption Water use during the year related primarily to production processes particularly our cooling towers at Kwinana.

Total water consumption at our Kwinana, Bibra Lake, Bayswater and regional depot sites was 3,128 megalitres, of which 198 megalitres (6.3 per cent) was scheme water (see Figure 2 for Kwinana scheme water use); 900 megalitres (28.8 per cent) was from the Water Corporation's KWRP Plant; 391 megalitres (12.5 per cent) of reverse osmosis water was supplied from the Verve Energy Power Station in Kwinana; and 1,639 megalitres (52.4 per cent) was extracted from groundwater at our Kwinana site. In addition we supplied 1,064 megalitres of artesian water to Tiwest, our industrial neighbour, which reduces their use of scheme water.

Our total water consumption equated to 1.96 kilolitres per tonne of total production. This figure is reduced from three kilolitres per tonne quoted in the 2004/2005 report, for two reasons, firstly a significant use of KWRP water leading to reduced groundwater use, and secondly, the water use figure in last year's report included the water supplied to Tiwest. Without this supply to Tiwest the equivalent figure was 2.2 kilolitres per tonne of total production in 2004/2005 (on this basis there was an 11.3 per cent improvement in water use per tonne of production in 2005/2006).

Reuse and recycling With construction and commissioning of the KWRP we accepted water from this plant from October 2005 for use in our ammonia plant. Our commitment was extended during the year to 3.7 megalitres per day to cater for our ammonium nitrate plant expansion.

We began the second phase of this project by connecting to the Sepia Depression Ocean Outfall Line (SDOOL) in October 2005. This has enabled us to cease discharges to Cockburn Sound with the exception of rainfall, maintenance or unusual events.

We recycle and reuse process waters in operations within and between our plants.

Discharges to surface and groundwater Our Bunbury site captures run-off generated on-site for irrigation purposes.

At Albany our contaminant discharges decreased during the year. Phosphorous decreased from 216 kilograms last year to



Members of the Emergency Response team and local fire and emergency services personnel during a training exercise.



Environmental Advisor Mark Germain at a snake handling training session, part of the site's safety awareness programme.

78 kilograms this year. Fluoride discharges decreased from 654 kilograms to 513 kilograms and nitrogen discharges decreased from 1,469 kilograms to 388 kilograms. Our preferred option for managing the wastewater had been discharge to the reticulated mains sewerage system as this would divert all discharges from Princess Royal Harbour to a tree farm. Recent advice from the Water Corporation indicates that this option is cost prohibitive. We will continue to focus our efforts on internal reductions of nutrients and will continue to implement our nitrogen effluent reduction plan.

At our Kwinana site:

- discharges of metals decreased from 659 kilograms last year to 230 kilograms this year (see Figure 3 on page 84 for main components);
- nitrogen discharges decreased from 42,883 kilograms to 25,842 kilograms;
- phosphorous discharges decreased from 7,445 kilograms to 3,899 kilograms; and
- fluoride discharges decreased from 3,230 kilograms to 1,568 kilograms.

Our pilot nutrient-stripping wetland, established in 2004, is removing nitrogen from water entering the wetland. The total nitrogen discharged to Cockburn Sound/SDOOL has decreased.

Safety and health

Lost time Our LTIFR was 5.9 (compared with 3.9 last year), see Figure 4, and, during the year, there were nine LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 27 days (compared with 33.2 days last year). These statistics (other than LTI's) do not include contractor hours and injuries.

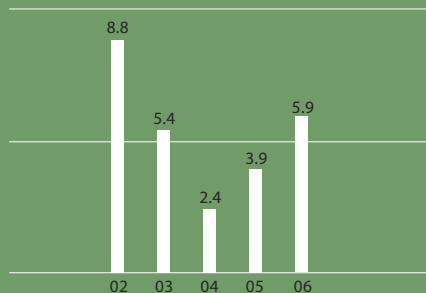
Safety statistics and performance are reviewed by senior management each month and are reported to each Board meeting.

Workers compensation There were 31 workers compensation claims reported, relating to occurrences during the year, compared with 19 last year (see Figure 5).

HAZARD AND RISK

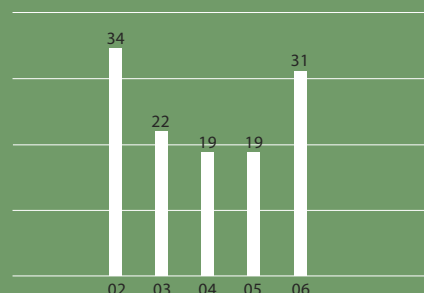
Programmes We have a number of methods for identification of hazards, assessment of risks and ensuring adequate controls are in place to contribute to our aim of zero harm to personnel, plant and the general public.

Figure 4: Lost Time Injury Frequency Rate*



*1 July 2001 - 30 June 2006 (as at 30 September 2006) Contractor hours and LTIs are not included

Figure 5: No. of Workers Compensation Claims



These include observation of hazards entered into SiteSafe and their investigation, Hazard and Operability Studies, job safety analysis, safety team meetings, team-based risk assessments, safety auditing and safety observations.

We have also introduced a recognition programme for excellent safety behaviours.

Emergency response Our Crisis Management and Incident Management procedures were reviewed and updated. To continually improve our preparedness for an emergency, seven desktop exercises and off-site training exercises were conducted during the year.

Our emergency teams responded to eight on-site false fire alarms at our Kwinana site during the year.

Our emergency teams also attended 14 off-site incidents, including chlorine leaks in the metropolitan area and regional locations. Twelve of these incidents did not relate to our equipment or operations. Two chlorine cylinders required capping.

Materials handling and storage All raw materials and manufactured products are safely stored and transported around our operations. We have detailed transport management plans for several of our bulk chemicals and detailed training and procedures for all product transport. The contractors transporting our fertiliser between our distribution sites are subject to a contract that sets out appropriate requirements for such transport, in addition to the essential legal requirements.

Chem Alert continues to be utilised to manage about 2,000 chemicals approved for use at our sites and the Material Safety Data Sheet register is maintained as part of this system. We hold all required licences and permits for our operations.

Risk assessment External audits of the Safety Reports for our Major Hazard Facilities (MHF) occur every 18 months. All improvements required are tracked and finalised at regular reviews.

The potential public risk from our MHF is assessed by the use of Quantitative Risk Assessments (QRAs). The QRA process was completed last year and the regulator has requested further modifications. These will be completed within the next year and reviewed again by DOCEP.

The process of Team-Based Risk Assessments continued throughout the year with assessments completed in a number of our large operations, including demolition, construction work and any significant risk activities.

Over the past year, we have recruited safety advisors with extensive MHF experience. We have also increased the number of safety representatives within the business to assist with incident investigation process efficiencies. All safety-related policy documentation is being progressively reviewed to ensure alignment with the recent changes to legislation.

Employee wellbeing Our first aid centre at Kwinana is the central area for support services and programmes aimed at improving employee wellbeing. The centre runs special health-focused programmes, such as counselling, health awareness topics, fitness programmes and assessments, audiometric testing, immunisations, subsidies for health club memberships, physiotherapy, health monitoring and health programmes looking at risk factors. We also offer annual medicals to employees.

Employees who do suffer work or non-work-related injury or illness have access to a full range of health support networks to ensure they are provided with the most suitable return to work programme.

Community

Stakeholders Our stakeholders include our employees, our customers, our suppliers and other contractors, relevant government agencies, local communities in which we operate and shareholders in our parent company, Wesfarmers Limited.

We are committed to open communications with our many stakeholders and acknowledge the community's interest in our operations. Our stakeholder liaison during the year included:

- consulting the community, local governments and regulators, on plans to expand the ammonium nitrate production facility;
- participating in the Kwinana Industries Public Safety Liaison Group, which meets in a public forum involving community and regulatory stakeholders, to review public safety issues;
- making available community information bulletins and conducting community information sessions in Bayswater to fully inform the local community about our remediation plans and progress for the former Cresco fertiliser site in Bayswater;
- supporting the Community Information Service, a telephone-based service that provides access to a range of information about industry;
- participating at Board and Council levels of PACIA to assist in developing new policies and approaches. This year we have been actively involved in the development of a communications plan to support PACIA's 'Community Right to Know' code;
- participating in the Fertilizer Federation of Australia to enable participation in relevant issues with other manufacturers suppliers and distributors;
- participating in the WA Chamber of Commerce and Industry to liaise with other industries and participate in the development of new policies; and
- hosting a stakeholder forum, attended by representatives of government agencies, community and industry organisations that discussed various aspects of the Wesfarmers Social Responsibility Report. Each year, detailed answers to issues raised at the forum are provided to participants.

As a member of the Kwinana Industries Council we have access to results from a general community attitude survey which provides an insight into the concerns and interests of the local community on an ongoing basis.

We conduct site tours and presentations for local government and community interest groups, particularly at Kwinana, as well as providing updates on our operations and environmental improvement initiatives. During the year we also hosted tours for different visitor groups to various parts of our organisation

LIAISON WITH AUTHORITIES

Action groups We liaised with several public interest groups during the year. In December 2005 we began an investigation into the current sourcing of a significant proportion of our phosphate rock from the Western Sahara in northwest Africa. This followed an approach by a group expressing concerns about imports from this region where sovereignty is in dispute and the United Nations has been unable to implement a decision to hold a referendum on the issue. Further discussions occurred in June 2006 with the Australian representative of the Polisario organisation which opposes development by Moroccan companies of resources in the region, including the mine at Boucraa which supplies us and other companies with phosphate rock. We have had two other similar enquiries.

We obtained internal and external legal opinions and consulted the Australian government which supports holding a referendum but does not recognise any particular claim to the region. We also looked at technical, environmental and commercial aspects of our current and potential alternative supplies of phosphate rock.

Case Study : The journey towards sustainability As a division of a large public company, we see sustainable success into the future as one of our goals. In the last two decades the concept of sustainability (and its four facets - environment, economic, social and governance) has gained great prominence in world and Australian public debate, and in 2005/2006 we began a discussion about what sustainability means for our business.



Area Manager Jeff Bruce collecting soil for testing as part of the nutrition research programme at Wongan Hills, Western Australia.

As a company operating within the law, and the social and governance structures existing in Australia, our efforts in defining a sustainable future have centred on issues over which we have some control. To this end we established a process for defining what sustainability might mean for us, including the following facets:

- 33 of our staff were interviewed using a purpose-designed questionnaire probing their responses to aspects of sustainability and our policies and activities;
- this process then led to two workshops (held in July/August 2006) which further defined sustainability in the context of our business, and a presentation to our Board;
- during 2006/2007 we will develop a definition for sustainability in our business and then use that to develop an assessment framework to evaluate our activities against the identified sustainability principles.

We have a number of functions that we believe will achieve positive assessments against this framework. To assist in furthering the assessment framework we will use our nutrition research programme, and potentially our water supply/effluent management programme for this first stage assessment. The nutrition research programme assists growers to apply precisely the type and quantity of fertilisers necessary for crop or pasture growth, and links clearly to our commercial fertiliser business. Assessing this programme will be useful as we move into other existing activities.

We are committed to a sustainable business future, and we recognise this requires commitment to review and change both inside and outside the company. The 2006/2007 Social Responsibility Report will review our progress in this area.



Captain Ian Dearing and Mrs Deidre Dearing accepting food hampers on behalf of the Kwinana branch of the Salvation Army from Regan Smallridge.

Taking account of all these factors and conscious of all our social responsibility obligations, including those to our employees and the farming community which we supply, we decided that at this stage it is not feasible to cease deliveries of phosphate rock from the Western Sahara. We are, however further investigating possible technological changes which may allow us in the longer term to accept raw material from other sources where the rock is currently not suitable for our manufacturing process. We will closely monitor the situation and continue the dialogue with interested parties.

We also liaised with various other local interest groups throughout the year. We regularly attended the bi-monthly Communities and Industries Forums, and KIPSLG meetings and gave two presentations. We also presented at the 2006 PACIA National Conference. We participated in the Kwinana Industry Public Safety Liaison Group, regularly meeting with community and industry members to facilitate information regarding public safety.

Communication

Newsletters and reports We provide information to key stakeholders about our business. Newsletters are produced for both our employees and external audiences to cover broad topics, such as safety, and individual projects, such as the Bayswater site.

Our section of the Wesfarmers 2005 Social Responsibility Report was printed as a separate publication and distributed to our stakeholders in February 2006.

Website Our website www.csbp.com.au contains information about our operations for the community, including environmental, safety and health information relating to our business. Improvements to the environment section of the website have been progressed.

COMMUNITY SUPPORT

Research As a member of the Australian Minerals Industry Research Association we support research into the safe use and disposal of sodium cyanide, a gold reagent used by the mining industry.

We also support agricultural research programmes including:

- the University of Western Australia's Turf Research Programme which investigates irrigation and fertiliser management strategies for turf and nutrient research on dairy pastures in the south west in conjunction with the Department of Agriculture and Food; and
- the University of Western Australia's Albany Sustainability Fund research project assessing the role of perennial pasture grazing systems in enhancing the utilisation of phosphorus and nitrogen.

Priorities for the Future

07 PRIORITY

At least halve our Lost Time Injury Frequency Rate (LTIFR) with an ultimate aim of zero Lost Time Injuries.

07 PRIORITY

Continue to reduce workplace injuries.

07 PRIORITY

Reduce contaminant emissions.

07 PRIORITY

Obtain or retain endorsement of our safety reports for our four major hazard facilities.

07 PRIORITY

Continue to work safely and effectively to deal with our historic wastes.

07 PRIORITY

Increase the use of recycled water and contribute to reduced scheme water use in Kwinana.

07 PRIORITY

Continue to make beneficial contributions to the communities in which we operate.

We invest approximately \$500,000 each year in our own agricultural research activities.

The underlying aim of this research is to enhance economic returns for the end user by maximising nutrient uptake and improving plant productivity and quality.

The specific objectives of the work include:

- evaluating new fertiliser products under field conditions;
- investigating more effective methods of fertiliser application; and
- generating data to validate and improve our fertiliser recommendation computer models, based on soil and plant analysis services.

We engaged Murdoch University to conduct the research necessary to provide a review of the performance of the nutrient-stripping wetland to assist us in determining if we will proceed with its expansion.

Through these initiatives we strive to minimise the impact of our products on the environment and community.

We ceased sponsorship of the Curtin University Chair in Cleaner Production and have directed these funds to other research and community plans. Through our membership of the KIC we support a number of initiatives of the Centre for Sustainable Resource Processing which involves Curtin University,

Scholarships During the year, we provided a scholarship to a local primary school, the Rockingham Montessori Family School. We also provide funding for an Australian Nuffield farming scholarship.

Awards During the year, we were awarded the Fertiliser Industry 'Platypus' Environmental Award. This is the second time we have been recipients of this award, which promotes eco-efficiency excellence within the fertiliser industry.

We also received a commendation in the State Environmental Awards, in the section 'Corporate Leading by Example'.

SECTION

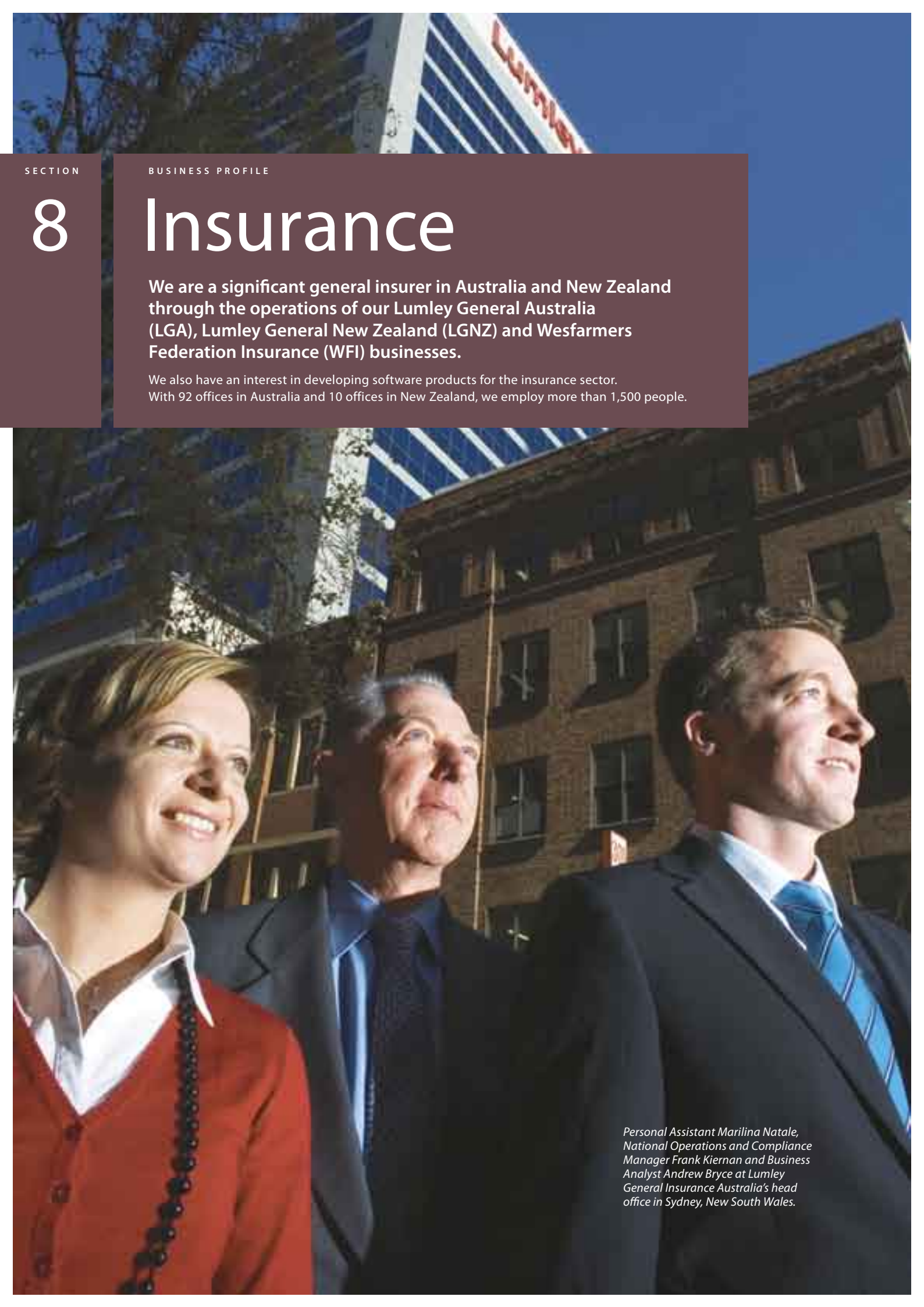
BUSINESS PROFILE

8

Insurance

We are a significant general insurer in Australia and New Zealand through the operations of our Lumley General Australia (LGA), Lumley General New Zealand (LGNZ) and Wesfarmers Federation Insurance (WFI) businesses.

We also have an interest in developing software products for the insurance sector. With 92 offices in Australia and 10 offices in New Zealand, we employ more than 1,500 people.

A photograph of three business professionals standing in front of a modern building. On the left is a woman with blonde hair, wearing a red cardigan over a white shirt and a dark necklace. In the center is an older man with grey hair, wearing a dark suit and a blue tie. On the right is a younger man with short brown hair, wearing a dark suit and a blue tie. They are all looking towards the right side of the frame. The background shows a multi-story building with a glass facade and a brick building with windows.

Personal Assistant Marilina Natale, National Operations and Compliance Manager Frank Kiernan and Business Analyst Andrew Bryce at Lumley General Insurance Australia's head office in Sydney, New South Wales.

Our Priorities & Outcomes 2005 - 2006

06 PRIORITY

Reduce our Lost Time Injury Frequency Rate (LTIFR) by at least 50 per cent with a target of zero Lost Time Injuries (LTIs).

06 OUTCOME

Not achieved. Our LTIFR increased from 1.8 in 2005 to 2.9 in 2006.



06 PRIORITY

Continue our association with the Create Foundation.

06 OUTCOME

Achieved. Three traineeships offered to young people from the Create Foundation partnership.



06 PRIORITY

LGNZ to participate in Green Plan to offset the effect of vehicle emissions.

06 OUTCOME

Achieved. LGNZ began its involvement in Green Plan in the 2005 financial year.



06 PRIORITY

Increase our recycling efforts.

06 OUTCOME

Achieved. We began recycling our old computers with GreenPC and printer cartridges with Close the Loop.



Overview

The main challenge facing our businesses on an ongoing basis is to operate them profitably in a way that minimises any adverse impact on the environment or the communities in which we operate.

In dealing with this challenge, the three main areas on which we focused our attention during the year were reducing our greenhouse gas footprint, support of community initiatives and recycling.

Our LGNZ business participated in Green Plan, an initiative organised by LGNZ's motor fleet provider, that provides members with expertise in improving vehicle and fuel efficiencies through vehicle and fuel selection, regular servicing and maintenance, driver education and travel planning. Green Plan also helps offset the effects of vehicle emissions by planting native trees.

We continued to support the CREATE Foundation, an Australian not-for-profit organisation that seeks to empower young people placed in out-of-home care through a combination of direct service provision and systemic advocacy. We offered three traineeships and all trainees were successful in completing a Certificate II or III in Business Administration. One of the trainees has joined LGA as a full time staff member.

Paper recycling bins are utilised at all head office locations. Our Sydney head office began printer cartridge recycling with Close the Loop. The majority of our used computers are recycled through GreenPC and 20 were donated to the Activ Foundation. Otherwise, used computers are sold to staff and the proceeds donated to charity.

The main safety area on which we focused our attention during the year was reducing workplace injuries.

We have addressed workplace injuries through LGA's compulsory workplace ergonomics training, well-documented Occupational, Health and Safety (OHS) policies and an OHS committee. Our WFI business has written OHS policies and our LGNZ business also has formal OHS procedures.

Health and safety matters are constantly under review across all of our businesses. LGNZ has updated a number of procedures following the safety audit reported last year and is now compliant with the New Zealand Workplace Safety Management Practices requirements.

Safety has a high profile across all our businesses and all Lost Time Injuries (LTIs) must be reported immediately to our Managing Director.

Data in this report is for our WFI and Lumley businesses in Australia and New Zealand, unless otherwise stated.

Business management

TRAINING

Ergonomic training and advice is provided to all employees either at induction or through our intranet.

All WFI staff required to drive significant distances due to work requirements have undertaken a defensive driving programme to ensure they are trained to drive on different types of surfaces and in different weather conditions.

While LGNZ does not put staff through defensive driving courses, in 2002 LGNZ commenced a programme of formal driver assessments whereby the driving abilities of all staff were reviewed by an independent party. The programme continues with new driver employees being assessed when they join. Eight such assessments were undertaken during the year.

Our LGA employees are not required to undertake driver training as this business is located in metropolitan centres and work-related driving is less of an issue.

Environmental LGNZ's new head office in Auckland has incorporated architectural, mechanical and electrical design aimed at minimising energy consumption. Details of the building's features are contained in the Case Study on page 94.

During the year, as part of a leadership development programme, a group of our managers reviewed our approach to environmental issues. Part of this exercise involved a sample of employee opinion across our business. Their recommendations for improvement are being considered.

Health and Safety A first aid facility is provided at each of our head offices in Perth, Sydney and Auckland and 86 staff have current first aid qualifications.

Emergency All our major offices have documented emergency evacuation plans.

COMPLIANCE

Environmental We are not aware of any potential non-compliance during the year with environmental legislation or other environmental requirements.

National Pollutant Inventory (NPI) We did not use any of the substances listed under the NPI during the year and therefore we were not required to report under the NPI.

Health and Safety We are not aware of any potential non-compliance during the year with health and safety legislation or other health and safety requirements.

Licensing and approvals We are not aware of any potential non-compliance during the year with licensing or approval conditions or other requirements.

MANAGEMENT SYSTEMS

Safety Management System (SMS) An integrated safety incident reporting system that requires all lost time injuries be reported directly and immediately to our Managing Director has now been implemented by all of our businesses.

Our LGNZ business commenced improvement to its Health and Safety systems 15 months ago to meet the Accident Compensation Corporation (ACC) Workplace Safety Management Practices Audit Standard (AS-NZ4801:2001). The standard has three compliance levels - primary, secondary and tertiary. Although initially targeting the primary conformance level, LGNZ was independently assessed as achieving the secondary compliance standard. Some tertiary standards were also achieved.

Other management systems We operate financial, human resources, strategic planning, budgeting and reporting management systems.

Policy We have addressed workplace injuries through LGA's compulsory workplace ergonomics training, well-documented OHS policies and an OHS committee. Our WFI business has written OHS policies and our LGNZ business has formal OHS procedures in place.

Environmental

GREENHOUSE GAS EMISSIONS

Our total greenhouse gas emissions were estimated to be 5,020 tonnes of carbon dioxide equivalent, down 3.3 per cent on last year. This equates to 4.9 tonnes of carbon dioxide equivalent per million dollars of premium income, down 4.0 per cent on last year.

The greenhouse gas emissions were largely due to imported electricity (57.8 per cent) and vehicle emissions (42.2 per cent).

Other emissions We had no emissions of ozone-depleting substances such as chlorofluorocarbons (CFCs), halons, carbon tetrachloride, hydrochlorofluorocarbons (HCFCs), hydrobromofluorocarbons (HBFCs), methyl bromide or bromochloromethane (BCM) during the year.

WASTE

Solid waste Given the nature of our business operations, we did not measure solid waste generation.

Liquid waste The only liquid waste of which we are aware is vehicle oils and lubricants replaced when our vehicles are serviced by external motor mechanics. This is not measured.

Recycling initiatives Our major offices in Perth, Sydney and Auckland have dedicated paper recycling bins that are collected regularly during the year by a waste management contractor for recycling.

Our Sydney head office participates in 'Close the Loop', a recycling project run by a leading global recycler of imaging consumables including inkjet cartridges, laser toner cartridges, drum units and copier bottles. Using state-of-the-art materials separation processes, cartridges are recycled with no waste to landfill.

Instead of disposing of our old computers, we recycle them through GreenPC which takes on long term unemployed staff to collect, refurbish and distribute old computers to low income families and groups at a significant discount.

LAND

Contamination We are not aware of any contamination issues, except for some ground water contamination at our Perth head office site at Bassendean which is leased from Wesfarmers Limited. CSBP placed a bore on the site during 2003 as part of a broader groundwater management investigation upstream and downstream from the former Cresco fertiliser site at nearby Bayswater, now owned by CSBP. We are upstream of this site and monitoring shows that the contamination only impacts downstream. Accordingly, we believe the contamination probably resulted from industrial activity in the surrounding area north of (or upstream from) us. We have no reason to believe that the contamination poses any immediate danger to health because the shallow groundwater is not being used for human consumption. CSBP will continue to monitor groundwater at this location.

RESOURCE USAGE

Energy Energy use during the year related primarily to imported electricity for use in our offices, and fuels for our vehicle fleet.

Total energy consumption was estimated to be 39,148 gigajoules, up 0.5 per cent on last year.

Our total energy consumption per million dollars of premium income was estimated to be 38.2 gigajoules, up 3.8 per cent on last year.

Energy sources are detailed below.

Fuel Petrol, diesel and LPG accounted for 67.9 per cent of our total energy consumption by gigajoule. Our petrol, diesel and LPG consumption was estimated to be 621 megalitres, 15 megalitres and 186 megalitres, respectively.

Electricity Electricity accounted for 32.1 per cent of our total energy consumption by gigajoule. Our electricity consumption was estimated to be 3,488 megawatt hours.

Natural gas We are not aware of any significant use of natural gas.

WATER

Consumption Aside from our WFI head office which uses bore water for garden and lawn watering we are not aware of any significant water use.

Safety and health

Lost time Our LTIFR was 2.9 (compared with 1.8 last year), see Figure 1, and, during the year, there were seven LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 13.4 (compared with 15.9 last year). These statistics do not include contractor hours and injuries.

The LTIFR for WFI was 1.4 (compared with four last year), for LGA it was 4.3 (compared with zero last year) and for LGNZ it was 2.7 (compared with 1.5 last year).

The ATR for WFI was 71 (compared with 17.2 last year), for LGA it was 3.8 (compared with zero last year) and for LGNZ it was four (compared with 11.8 last year).

Safety statistics are distributed to management each month and reported to our Boards every two months.

Workers compensation There were 12 workers compensation claims reported, relating to occurrences during the year, compared with nine last year (see Figure 2).

HAZARD AND RISK

Programmes As a major insurer it is in our own commercial interest and in the interests of the community at large for us to encourage safer conduct on the roads. In both Australia and New Zealand we are market leaders in the provision of commercial motor/fleet vehicle insurance and have used our position to improve community safety standards in the areas of vehicle and driver safety by offering services in the following areas:

- fleet safety surveys - both light and heavy vehicle fleets (audits for health and safety compliance across all levels);
- safety awareness seminars;
- stress and fatigue seminars;
- benchmarking safety performance; and
- conference presentations.

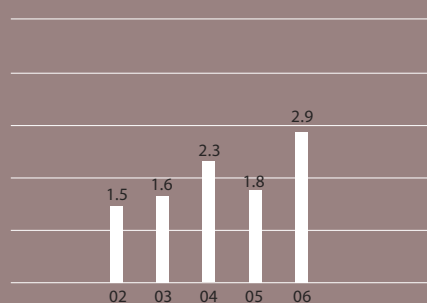
Risk assessment All accidents and incidents during the year were reported to the divisional human resources manager.

Our LGA business has an OHS committee in every office reporting to that manager.

During the year our vehicle fleet was involved in 69 incidents. Of these, 24 related to WFI, 24 to LGA and 21 to LGNZ.

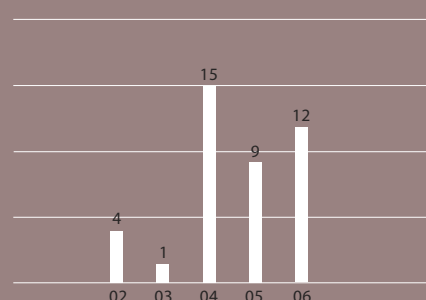
Employee wellbeing We offer an employee assistance programme that provides company-funded counselling services for employees and their immediate family members in relation to issues such as alcohol, gambling and drugs.

Figure 1: Lost Time Injury Frequency Rate*



*1 July 2001 - 30 June 2006 (as at 30 September 2006) Contractor hours and LTIs are not included

Figure 2: No. of Workers Compensation Claims



Case Study : Designed for the Environment In November 2005, Lumley General Insurance (LGNZ) relocated its head office to the Lumley Centre, in Auckland's central business district. LGNZ moved to this innovative new building because of its better facilities but particularly because of the environmental improvements in the building's design and operation. It has been described in the media as "New Zealand's most intelligent building".



Lumley General New Zealand's new environmentally-friendly building in Auckland.

To achieve reductions in energy consumption, initiatives were included in the building design such as reduction in the heat load across the building's surfaces, efficient air conditioning, and lighting systems.

A proprietary double-glazed curtain wall system is used which cuts energy use significantly by reducing heat impact in summer and heat loss in winter, thus reducing the building's heating and cooling needs. The curtain wall system also evens out the heat imbalance that results from the sun moving across the building.

Lumley chose an open-plan layout which allows for the maximum use of natural light and minimises the number of enclosed spaces requiring specialised lighting.

The building management system monitors the status of all VAV (variable air volume) boxes and resets the target supply air temperature to suit the conditions at the time. The system can perform a 'night purge' to reduce the pull-down time in the morning to bring building temperatures back to their set points. This function senses the conditions outside and, if these are sufficiently cool, flushes the building with outdoor air to remove heat built up during the night. The air conditioning and lighting systems are split into zones to better manage after-hours use.

Operationally, the building management system receives updates from sensors monitoring critical equipment, allowing their performance to be checked and preventative maintenance to be programmed, avoiding wasteful energy usage.

Free influenza vaccinations were again offered on site to all employees in the Sydney, Auckland and Perth head offices. During the year 421 employees took up the offer.

Ergonomics advice continued to be made available to our Lumley employees through the intranet.

Community

Stakeholders Our stakeholders include our employees, our policyholders, our reinsurers, relevant government agencies such as the Australian Prudential Regulatory Authority (APRA) and the Australian Securities and Investments Commission, the local communities in which we operate and shareholders in our parent company, Wesfarmers Limited.

Feedback/Complaints Following the introduction of the Financial Services Reform Act in 2001, the general insurance industry developed a new Code of Practice to accommodate new legislation and higher customer expectations. Our LGA and WFI businesses are bound by the new General Insurance Code of Practice and all staff have received compliance training. The code identifies minimum standards applicable when:

- selling insurance;
- managing claims;
- responding to catastrophes and disasters;
- educating customers; and
- resolving complaints and disputes raised by policyholders.

This code complements the world-class regulatory system governing Australia's financial services sector.

We have an internal dispute resolution process in place which is available to policyholders who have a complaint or dispute against us. This is a free service and is available nationally with all matters treated in confidence. Where matters cannot be resolved to a policyholder's satisfaction, we advise complainants of their rights to take the matter up with the Insurance Ombudsman Service (IOS). The IOS is a national scheme which assists in resolving disputes between policyholders and their insurers. The scheme also assists in resolving disputes between uninsured drivers and another person's insurance company in relation to motor vehicle property damage (ie third party claims) and provides general information about any general insurance matters. If the decision of the IOS is acceptable to the complainant then the decision is binding on us for amounts up to pre-imposed limits. In Australia, 192 complaints were dealt with internally, 70 related to WFI and 122 related to LGA. Of these complaints, 31 were referred to the IOS. Four related to WFI and 27 were related to LGA.

Our LGNZ business is a member of the Insurance Council of New Zealand and must comply with the Fair Insurance Code. This code outlines the steps to resolve complaints and disputes raised by policyholders.

Complaints in New Zealand can be made directly to one of our offices where appropriate follow up action is initiated. Where matters cannot be resolved to the complainant's satisfaction, the matter can be escalated to the Insurance and Savings Ombudsman (ISO). During the year, 10 complaints were referred to the ISO of which seven were ruled in LGNZ's favour, two in the complainant's favour (which includes one which was partially upheld) and one other unresolved.

Liaison with authorities Our business works with APRA to maintain and develop prudential standards.

COMMUNICATION

Newsletters and reports Quarterly newsletters are provided to all staff through either hard copy distribution or through the intranet.

Website Our websites include information about our operations for the community:

- www.wfi.com.au
- www.lumley.com.au
- www.lumley.co.nz

Priorities for the Future

07 PRIORITY

Reduce our Lost Time Injury Frequency Rate (LTIFR) by at least 50 per cent with a target of zero Lost Time Injuries (LTIs).

07 PRIORITY

Reduce our greenhouse gas footprint.

07 PRIORITY

Increase our community/social initiatives.

07 PRIORITY

Review our safety management systems with a view to better integration across the division.

07 PRIORITY

Increase internal awareness of environmental issues including possible impacts of climate change.

07 PRIORITY

Develop and implement a divisional sustainability policy.

Liaison groups Our WFI and LGA businesses are members of the Insurance Council of Australia and David Matcham, LGA's Chief Executive Officer is a Board member. LGNZ is a member of the Insurance Council of New Zealand and Rieny Marck, LGNZ's Chief Executive Officer, is president of that organisation.

Community support LGNZ was a silver sponsor of the Insurance Council of New Zealand's Flood Impact: Risk, Response and Communications Conference which aimed to provide greater security to the community by developing and encouraging communication and relationships with key stakeholders.

We are involved in fund raising activities for World Vision, Jeans for Genes Day, Legacy Day, Cyclone Larry Appeal, Daffodil Day, the Leukaemia Foundation, Make a Wish Foundation, Walk for Diabetes Day, Activ Foundation and the Cancer Council.

Our WFI business is also involved in numerous rural community programmes including the donation of four \$10,000 grants to support community programmes through the NSW Farmers' Association. Through the Kondinin Group, WFI has also sponsored a series of farm safety research articles which will be published each month in 'Farming Ahead.' WFI also pays a commission to Queensland Landcare when members take out a policy in Queensland. WFI has sponsored the Australian Country Football Carnival for a number of years. This carnival enables country based young men to enjoy AFL football with many social benefits.

Scholarships Create Foundation is a non-profit organisation that exists to ensure that children and young people in care are afforded the same life opportunities as all young Australians.

Following on from LGA's 'Work Preparation Programme', three traineeships were offered to young people. All three trainees successfully completed a Certificate II or III in Business Administration. One trainee has joined as a full time member of staff.

By supporting these young people, LGA and the Foundation believe they have provided opportunities that may not otherwise have been available.

SECTION

9 Other businesses

This section covers operations of smaller business units either wholly or partly owned by Wesfarmers and details ongoing remediation of contaminated sites resulting from past activities.

ENERGY GENERATION (enGen)

We are an independent power producer specialising in the design, construction, operation and maintenance of diesel and gas-fuelled power stations for the mining industry and townships in remote areas that are not serviced by a major distribution grid. Our head office is in Canning Vale, Western Australia and we employ about 73 people.

Overview

Through our monthly Health, Safety and Environmental (HSE) committee meetings we have developed an HSE Improvement Plan and an HSE Schedule. We engaged independent HSE consultants in January and March 2006 to review our safety system and culture and conduct an audit of one of our remote sites.

In November 2005 we reached a milestone by going beyond 1,000 days without a Lost Time Injury (LTI).

MANAGEMENT SYSTEMS

Integrated Management System We have a Management Plan (Health, Safety and Environment) that defines our policies and systems and the framework for their implementation. The plan describes actions required, who is included, frequencies, durations, responsibilities and accountabilities.

Environmental Most client-owned operational sites manage dust control. We minimise dust exposure at power stations that we own and operate (Leonora, Coober Pedy, Cue, Meekatharra, Mt Magnet, Sandstone, Wiluna, Yalgoo, Gascoyne Junction, Laverton and Menzies) by the use of blue metal and at our Canning Vale head office by concreting areas or planting lawns. We install 'three section' oil separators at all our power station sites to control waste oil and stormwater run off.

We have submitted a letter of intent to become a participant in the Commonwealth Greenhouse Challenge Plus Programme.

Our total greenhouse gas emissions were estimated to be 306,355 tonnes of carbon dioxide equivalent, down 6 per cent on last year. Of this amount, 184,557 tonnes relates to stations which we built, own and operate and 121,345 tonnes is attributable to those stations which we operate and maintain on behalf of a customer. In the case of Sunrise Dam, which is a combination of the two categories, we have apportioned emissions based on the electricity generated by the relevant assets. We have not included emissions from waste disposed off-site as we do not measure these volumes nor have we included the bio-fuel power station at Woodmans Point in Western Australia which we operate on behalf of the Water Corporation.

Our total energy consumption during the year was estimated to be 4,423,818 gigajoules, down about 2 per cent on last year. Of this amount, approximately 2,587,241 gigajoules or 58 per cent can be allocated to the stations we built, own and operate.

We have not yet prepared our report to the National Pollutant Inventory (NPI) for the 2005/2006 reporting period or finalised our data estimates, however in 2005/2006 our most significant emission was carbon dioxide. Further information is available at: www.npi.gov.au. All our substance emissions for last year were ranked as 'low' by the NPI. In relation to the power stations we operate but do not own, data is provided to our clients for inclusion in their NPI reporting.

Safety and health Our Lost Time Injury Frequency Rate was again zero. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was again zero. These statistics include contractor hours and injuries.

During the year there were 36 incidents reported (compared with 35 last year), of which 10 were injuries requiring first aid, five were injuries requiring medical treatment and 21 were non-injury incidents. Two workers compensation claims were reported compared with four last year.

Material Safety Data Sheets (MSDS) are accessible through the Chem Alert system we now use for hazardous substances held on-site. Bunded storage areas are provided where required.

We use Job Safety Analysis and Work Instructions for non-routine tasks to identify risks and assess their impact on employees, the public, plant and equipment.

AIR LIQUIDE WA

We are a major manufacturer and distributor of a broad range of industrial, medical, scientific and environmental gases including oxygen, nitrogen, argon, acetylene and carbon dioxide and we provide home healthcare services. We are 40-per cent owned by Wesfarmers Limited, with the remaining shares held by Air Liquide Australia Limited, a wholly-owned subsidiary of Air Liquide of France. Wesfarmers Energy has management responsibility for the company. Our head office relocated from Myaree to Murdoch, Western Australia during the year. We have three operational sites at Kwinana - two of which are air separation units (ASUs) - and one at Henderson, all south of Fremantle. Our Healthcare division is based in suburban Perth and we have branches in Kalgoorlie and Darwin. We operate in Western Australia and the Northern Territory through a network of 75 agents. We employ 81 people.

Overview

Our main ongoing environmental challenge is the management of lime waste, a by-product from our acetylene production facility at the Henderson site. This waste is regularly removed by a contractor for use as raw material in a manufacturing process. Special care is taken to ensure there is no discharge to land.

On safety, we further developed our integrated Industrial Management System (IMS) that links safety and operational procedures via the intranet. Two Lost Time Injuries occurred in August 2005, which were related to manual handling issues. Both incidents were thoroughly investigated for root causes and as a result we provided training on manual handling for operational personnel with a focus on practical workplace functions.

MANAGEMENT SYSTEMS

Our Environmental Management Procedures and our Safety Management System are available on the IMS as are our environmental and safety policies, which are included in all induction folders for new employees. We maintained our quality system accreditation to AS/NZ ISO 9001:2000 and 10 internal audits were carried out.

Environmental We complied with the conditions of our Department of Environment license.

Our air separation unit at Kwinana (ASU1) operates 24 hours per day. This site was included in the Cumulative Noise Model of the Kwinana Industries Area in 2005 and sound power

levels revealed no increase in comparison to 2001. No noise complaints were received.

We do not directly produce greenhouse gas emissions. Our indirect emissions from imported electricity were estimated at 79,604 tonnes of carbon dioxide equivalent, down six per cent on last year and a reduction of four per cent per production tonne.

Emissions notifiable under the National Pollutant Inventory (NPI) for the 2004/2005 period were submitted in July 2005. Detailed information is available via the internet site www.npi.gov.au. Emissions reported for the period were ranked by the NPI as 'low'.

Our carbon dioxide recovery plant at Kwinana recovers carbon dioxide gas from the adjacent CSBP ammonia plant, removes impurities (oxygen, nitrogen, H₂O), and liquefies the product for sale.

We re-sell ozone-depleting substances (refrigerant gases) to approved industry users under licence to the federal Department of the Environment and Heritage.

Our main use of water relates to usages at our air separation plants to keep them and compressors cool during the gas liquefaction process. Water is also used during the Henderson acetylene cylinder filling process where it is used with calcium carbide for the production of acetylene and mist sprayed over the cylinders while they are being filled to dissipate heat build up during refilling.

Total water consumption for the year was estimated at 103 megalitres, up about two per cent on last year, or five per cent per tonne of production.

We estimate our total solid general waste at 84,630 kilograms (down one per cent) all of which is recycled.

Total liquid waste was estimated at 3,144 tonnes (up 15 per cent). This is all collected by a contractor for use as raw material in a manufacturing process.

The main use of energy relates to the liquefaction process of gas separation at our ASU1 site and cylinder filling at our Henderson site.

We estimate our total energy consumption for the year at 288,886 gigajoules (up 0.03 per cent). Electricity accounts for about 99 per cent of our energy use. We have not included energy used at the air separation unit on the Hismelt site (ASU2) as the owners provide the main inputs of steam, electricity and water.

Safety and Health Our Lost Time Injury Frequency Rate (LTIFR) of 10 compared with zero last year. These statistics includes contractor hours and injuries.

We recorded 13 near misses during the year. We encourage reporting of these incidents, as they are an indicator to a source that could potentially lead to a lost time incident. We conducted 19 health and safety meetings during the year and 29 internal safety observations focused on compliance and observed hazards. We had six workers compensation claims.

The Department of Consumer and Employment Protection (DOCEP) raised four improvement notices in January 2006 relating to Henderson forklift safety checks, manuals/labels and unsecured cylinders on the site. Securing of gas cylinders on the Henderson site is the only notice not closed off and is scheduled for completion later in the year.

We held an emergency response exercise at Henderson in March 2006 followed by a review to identify possible improvements. Personnel at the ASU2 on the Hismelt site in Kwinana took part in an emergency exercise in February 2006, which involved the simulation of an explosion leading to spillages of hot metal and escape of gases.

We maintain accreditation from the Department of Consumer and Employment Protection for the storage of our dangerous goods.

Website Further information on our operations is available from our website www.airliquidewa.com.au.

SOTICO

Sotico has no active involvement in forest products following the sale of its jarrah assets in 2004. The company owns some land at Boddington in Western Australia and some residential and commercial properties in Pemberton. Our only remaining active engagement in forest products is through a 50 per cent share in the Wespine plantation pine sawmill at Dardanup, near Bunbury.

Our Corporate Office has assumed responsibility for managing the remediation of contamination at former Sotico locations.

Pemberton Sotico and its predecessor companies were involved in treating timber at the Pemberton sawmill from 1971 until 1987. Treatment also occurred under earlier ownerships, including the period when the mill was operated by the State government from 1914 to 1961. This has resulted in contamination with chemicals including arsenic and pentachlorophenol (PCP), the latter containing levels of dioxin, a contaminant by-product of PCP that was also produced during historic burning of PCP wastes as part of mill operations in earlier times. The State government has accepted responsibility for tackling the arsenic contamination given that chemical's use during its period of ownership of the mill and we will meet the majority of the cost in managing the PCP clean up process. In July 2006 we announced that work would begin on a project to remove contaminated material from disposal ponds across the road from the sawmill. Fencing and preliminary site preparation has been completed under the supervision of our consultants, URS Australia Pty Ltd. A contract has been let through URS to excavate sludge from the ponds and then to mix it with lime to make it suitable for transport in secure packaging. The material has been accepted by an appropriately licensed landfill on the outskirts of Perth where it will be encapsulated in concrete. Work will begin following the 2006 winter and is expected to be complete by January 2007. The Department of Environment (DoE), now renamed the Department of Environment and Conservation, has been kept informed of our plans as have the Manjimup Shire Council and the Pemberton Progress Association. We believe the resolution of this issue will be beneficial for the environment and the people and town of Pemberton. The State government continues to assess options for treating the arsenic contamination.

Manjimup Processing Centre As reported last year, extensive remediation was carried out on creosote contamination of soil and groundwater resulting from timber treatment at the Manjimup Processing Centre (MPC) in the mid 1980s. The site was sold as part of the disposal of the jarrah assets referred to above. A site management plan, incorporating ongoing groundwater monitoring, was submitted to the DoE in late 2005 and is being implemented.

Mention was made last year of the possible need to remove additional contaminated material from another part of the MPC. About 400 cubic metres of soil affected by copper, chrome and arsenic treatment of timber was excavated and taken to the Manjimup landfill site. A close out report on this work has been submitted to the Department.

TRANSPORT

Work continues, with advice from external consultants, related to fuel spillages at sites in Karratha, Carnarvon and Port Hedland once occupied by the road transport business we sold in 2001 with advice from external consultants. The Karratha land was sold in January 2006 but we continue to monitor groundwater contamination. At Carnarvon, residual contamination is being monitored following removal of soil from the site and at Port Hedland we are awaiting a response from the occupier of the site in order to determine a remediation strategy.

QUEENSLAND NITRATES

Through CSBP, Wesfarmers is a joint venture partner with Dyno Nobel Asia Pacific in the Queensland Nitrates fully integrated ammonium nitrate plant at Moura in Central Queensland. It produces ammonium nitrate for the coal mining industry. Further information is available at www.csbp.com.au.

BENGALLA

Wesfarmers has a 40 per cent interest in the Bengalla open cut coal mine in the Hunter Valley of New South Wales. The mine is managed by Coal and Allied, a Rio Tinto group company, and produces steaming coal for domestic and export markets. Further information is available at www.coalandallied.com.au.

WESPINE

Wesfarmers and Fletcher Building Limited jointly own the Wespine plantation pine sawmill at Dardanup, near Bunbury, in Western Australia. Wespine has a long-term contract with the government of Western Australia for the supply of pine logs and produces sawn timber for housing construction, furniture manufacture and other uses. Further information is available at www.wespine.com.au.

Independent Assurance

To the Board of Directors, Executive and Stakeholders of Wesfarmers Limited:

Wesfarmers Limited (Wesfarmers) commissioned URS Australia Pty Ltd (URS) to provide independent assurance of this Social Responsibility Report 2006 (the 'report'), the organisation's ninth such report. The report presents Wesfarmers' social and environmental performance over the period 1st July 2005 to 30th June 2006. Wesfarmers was responsible for the preparation of the report and this statement represents the auditor's independent opinion. URS' responsibility in performing our assurance activities is to the Board and Executive of Wesfarmers alone and in accordance with the terms of reference agreed with them. Any reliance any third-party may place on the report is entirely at their own risk.

ASSURANCE OBJECTIVES

The objective of the assurance process is to provide stakeholders of Wesfarmers with an independent opinion on the materiality, completeness and accuracy of the information presented in the report, and whether Wesfarmers has responded to stakeholder concerns and adequately communicated those responses within the report. This is confirmed through an audit of the claims made, underlying systems, processes and competencies that support the report, as well as the embeddedness of policies and strategies on sustainability. Ensuring continuous improvement in data management systems and associated reporting processes is also a complementary objective.

Wesfarmers has moved from a data verification process to a broader level of assurance this year using the AA1000 Assurance Standard. The scope of this assurance process is described below.

ASSURANCE PROCESS

Our approach to assurance provision is undertaken using the AA1000 Assurance Standard, to which the lead auditor is accredited by the International Register of Certified Auditors. The assurance engagement was undertaken between May and September 2006. The process involved:

- interviewing management and internal stakeholders of Wesfarmers corporate as well as each of the business units to ascertain their views on, and responses to, the material sustainability issues faced by Wesfarmers, and the communication of these issues. A total of thirty-six interviews was conducted, including interviews with the Managing Director Mr. Richard Goyder, and several members of the Board and management team.
- interviewing selected external stakeholders to ascertain their perception of the material sustainability issues faced by Wesfarmers corporate as well as each of the business units, and the appropriateness of Wesfarmers' response to these issues in terms of their performance as well as external reporting. A total of thirty-nine interviews were conducted with government, industry peers, suppliers, non-government and government organisations, clients, partners and industry associations.
- a review of Wesfarmers' and each of its business units' key sustainability strategies, policies, objectives, management systems, measurement and reporting procedures, background documentation and data collection and reporting procedures;
- a review of the report for any significant anomalies, particularly in relation to significant claims as well as trends in data;
- an overview of the embeddedness of Wesfarmers' and each of its business unit's key economic, environmental and social policies;
- a series of interviews with key personnel responsible for collating and writing various parts of the report in order to substantiate the veracity of selected claims;
- the examination of the aggregation and/or derivation of, and underlying evidence for, over 220 selected data points and statements made in the report. The audited items were broadly selected to not only satisfy the principles of materiality, completeness and responsiveness, but also as supporting evidence for conclusions reached; and
- a review of selected external media sources relating to Wesfarmers' and each of its business units' sustainability

performance, so as to further substantiate reported claims and, more importantly, to ensure that no significant omissions were made in the report.

The assurance process was carried out under URS' quality control procedures.

ASSURANCE LIMITATIONS

Our scope of work did not involve verification of the accuracy and robustness of financial data, other than that relating to environmental, social or broader economic performance. Each of the major wholly-owned business units was visited by auditors. These were Bunnings, Curragh, Premier Coal, Kleenheat Gas, Wesfarmers LPG, CSBP, Industrial and Safety and Insurance. The Corporate office was also visited. Data for the smaller Energy Generation business, which reports in abridged form, and the Wesfarmers-associated company Air Liquide WA were verified through desk-top reviews. Our observation of stakeholder engagement activities was based on reviewing external stakeholder engagement processes and outcomes, and the seventy-five interviews with internal and external stakeholders.

OUR INDEPENDENCE

URS was not responsible for preparation of any part of this report. URS has not undertaken any commissions for Wesfarmers in the reporting period concerning reporting or data collection. However, URS has assisted Wesfarmers on a number of technical projects concerning supply chain, contaminated land management and business unit sustainability. Our team's independence was ensured by selecting an assurance team that had no other involvement with Wesfarmers during the reporting period that could impair the team's independence or objectivity.

Wesfarmers participated in a sustainability report benchmarking project by URS, but due to the independent nature of this program there are deemed to be no conflicts of interest.

OUR CAPACITY

The audit team comprised of individuals with expertise in manufacturing, energy, finance and chemical sectors as well as in environmental and social performance measurement and reporting. The audit team has collectively undertaken over sixty assurance engagements in Australia over the past ten years and is also led by a Lead Certified Sustainability Assurance Practitioner (Lead CSAP) accredited by the Independent Register of Certified Auditors (IRCA UK). The team is also a global leader in the use of the AA1000 Assurance Standard in assurance provision.

OUR OPINION

Based on the scope of the assurance process, the following represents the auditor's opinion:

- The findings of the assurance engagement provide confidence in the information reported within the report. The level of data accuracy was found to be within acceptable limits, but additional improvements to data management, including the reduction of manual aggregation and transcription processes are recommended to reduce potential for minor anomalies and mis-statements. Data trails selected were easily identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- One of the business unit audit scopes was expanded to ensure that any systemic errors were found and corrected.
- The statements made in the report appropriately reflect environmental, social and economic performance achieved during the period.
- All suggested changes were satisfactorily addressed by Wesfarmers prior to finalising the report.

Overall, the auditor is satisfied that the report is an appropriate representation of Wesfarmers' environmental and social performance during the reporting period.

CONCLUSIONS AND RECOMMENDATIONS

- **Materiality:** Materiality was determined by assessing compliance performance, issues material to stakeholders, policy-related performance and peer-based norms.

Statement



With regard to key sustainability opportunities for business units, the most common responses from internal and external stakeholders related to product development (opportunities highlighted ranged from slow release fertilisers, renewable energy sources, liquid nitrogen gas, expanding the insurance business into financial services and clean coal technologies), occupational health and safety (improved performance), resource use (eg. water, energy and waste), supply chain management, procurement, climate change risk management, incidents management and product quality. It is the auditor's opinion that whilst initiatives and commitments are in place to address the majority of issues raised by stakeholders there is room for improvement in the reporting of Wesfarmers' performance in some of the above areas.

Review of peer-based norms and policy development noted that most areas are comparable to peers, and well-addressed, but some areas, particularly around issues raised by stakeholders (above) are yet to be fully enunciated and policy positions established.

- **Completeness:** The report was found to be mostly complete in addressing key environmental, social and economic performance as well as all wholly-owned operations of Wesfarmers, using the Global Reporting Initiative's Sustainability Reporting Guidelines 2002 as a guide. As noted by stakeholders, the auditor agrees that the diversity of the Wesfarmers' business remains one of the more significant challenges to the organisation in collating and presenting consistent group-level environmental and social performance data. Whilst improvements have been made in the way this data is collected and reported over the years, there are several recommendations made below for further improvements to improve the quality and consistency of information presented.

Data for businesses that are not wholly-owned/controlled by Wesfarmers is presented in a concise form, not covering the complete breadth of information presented by wholly-owned business units. This is considered appropriate, but some recommendations have been made around re-arranging some of the business units to reflect the stake in, or materiality of, business units.

The data was also reviewed for whether or not reporting boundaries and reporting periods were being appropriately considered in reporting. It was found that this was the case with the majority of data except for some data sets where there was a time lag in data entry, and except for some sites and regional operations, which were considered non-material. The auditor has made some recommendations around ensuring that disclaimers capture such omissions and inconsistencies. Recommendations have also been provided around increasing the consistency of information received from business units by better defining data requirements. Notwithstanding, the majority of stakeholders felt that the completeness of the report was 'good' to 'very good'.

- **Responsiveness:** URS tested the responsiveness of the organisation through a review of management systems, documents and policies prepared by the organisation relating to the way it responds to stakeholder concerns and interests; by assessing the resources allocated to implement the aforementioned policies and commitments; by assessing the timeliness and accessibility of reported information; and by undertaking a review of key policies, targets and indicators and assessing the extent to which these are implemented by Wesfarmers. URS also engaged with thirty-nine selected external stakeholders and thirty-six internal stakeholders using a structured-survey process to gain an appreciation of their perception of Wesfarmers' (and their business units') sustainability performance and reporting thereof. Stakeholders felt that the organisation's responsiveness is in general 'average' to 'good' and that it was performing well in economic, social and environmental areas of performance. However, stakeholders' rating of Wesfarmers' engagement of them in agenda-shaping and sustainability reporting was only marginally above 'average' to 'good'. This indicates a need to continue improving stakeholder engagement by business units as well as corporate.

THE WAY FORWARD

As a former co-operative, and with historically strong ties with its member communities, Wesfarmers sees sustainability as a value proposition that is not only consistent with its strategy, but also offering a developing business case. The diversity of the business presents continuing challenges to Wesfarmers in terms of how it integrates sustainability into its operations. Growth of the business has also brought with it similar challenges of integrating environmental and social performance objectives that are consistent across business units.

These challenges are not likely to disappear, and indeed are more likely to increase with time. Accordingly, the auditor has recommended additional quality controls in data to increase consistency, whilst allowing business units some flexibility in the way they identify and report upon what they (and their stakeholders) consider material sustainability issues for their business.

Sustainability was the core theme for a recent management conference for all of Wesfarmers' business units. This reflects a growing awareness of the need to, and an interest in, taking a lead in addressing environmental and social aspects of operations. This was confirmed through the internal stakeholder engagement process.

So, what is the way forward? There is a need for more formal dialogue on an annual basis at the executive level at Wesfarmers, as well at business unit level, perhaps during the business planning process, to identify and build-in sustainability risks and opportunities into organisational strategy. Focus on broader business-level challenges such as climate change, supply chain management and community engagement need to be better articulated, and Wesfarmers' response and performance management reported. Stakeholder engagement needs to continue, and in particular awareness amongst employees and highly interested and influential external stakeholders need to be raised.

In terms of direct impact, the organisation's characterisation of its environmental footprint is advanced, and comprehensive. The development of the social footprint is less advanced, and requires more work, but is not inconsistent with peer norms. Development of some systems and quality controls for data would further assist in efficiency and in reducing potential for human error or loss of intellectual property through natural staff turn-over, which are key risks in performance measurement and reporting for an organisation such as Wesfarmers. Commitments made in 2005/06 were reviewed, concluding that appropriate progress had been made, but once again a need for formal processes for identifying future priorities are highlighted.

The report itself continues to be a significant effort for Wesfarmers, particularly given some of the challenges highlighted above. We found that comments and input had been sought from several levels within Wesfarmers. The report also continues to be internally verified prior to external assurance, which is a commendable and rare effort. One of our concerns is that the amount of text that may limit the readability of the document. Report sizes are starting to shrink, and Wesfarmers needs to continue to look to manage the size of the report, despite diversity and growth.

The auditor has provided additional suggestions for reporting improvement in some areas, including a System Diagnostic Audit in early 2007 in preparation for next year's reporting cycle. The auditor has also suggested a training session for staff involved in developing the report on verifiability of claims, and accuracy of data, as well as development of appropriate procedures for measurement and reporting of key performance indicators. These have been outlined in a more detailed report presented to Wesfarmers.

On behalf of the audit team, 4th October 2006, Melbourne, Australia

Terence Jeyaretnam Principal, URS & Lead CSAP (IRCA UK)

Glossary

Australian Standards (AS)	National benchmarks for products and services.
Average Time Lost Rate (ATLR)	An indicator of the average time lost for each lost time injury. The ATLR provides a measure of the severity of occurrences.
Bank Cubic Metre (BCM)	A bank cubic metre is a measure of overburden removed in mining operations.
Bank Cubic Metre Equivalent (BCMeq)	A bank cubic metre equivalent is a measure of both coal produced and overburden removed in mining operations.
CBM	Coal Board Medical
Environmental audit	A programme to evaluate compliance with regulations, systems, programmes and policies.
Gigajoule	Unit of energy equivalent to 1,000,000,000 joules.
Greenhouse gases	Gases such as carbon dioxide, methane and nitrous oxide which contribute to retention of heat in the earth's lower atmosphere.
Greenhouse Challenge Plus	The federal government's programme of cooperation between industry and government to reduce greenhouse gas emissions through voluntary action.
International Organisation for Standardisation (ISO)	ISO publishes internationally-agreed standards covering areas such as quality management (the ISO 9000 series) and environmental management (ISO 14000).
Liquefied petroleum gas (LPG)	A combination of, predominantly, propane and butane extracted from natural gas or as a by-product of petroleum refining.
Liquefied natural gas (LNG)	Comprising predominantly methane, it is produced from natural gas that has been purified, refrigerated and condensed to liquid form.
Lost Time Injury (LTI)	An LTI is any work injury which causes absence for one day or a shift or more.
Lost Time Injury Frequency Rate (LTIFR)	The main calculation we use to measure workplace safety performance. It is calculated by dividing the number of LTIs by total hours worked, multiplied by one million.
National Packaging Covenant	An agreement between the packaging supply chain industry and governments which sets guidelines covering the manufacture, supply, distribution, consumption and recovery/recycling of post-consumer packaging.
National Pollutant Inventory (NPI)	An Australian internet database designed to provide the community, industry and government with information on the types and amounts of certain substances being emitted to the environment. The NPI contains data on certain priority substances which are emitted to the environment. The substance list was determined by consideration of health and environmental risks in Australia. The NPI uses standard assumptions, in part, to calculate potential emissions we cannot measure or have difficulty measuring and, accordingly, data reported to the NPI may differ from point source emissions contained in this report. More information can be found on the NPI website www.npi.gov.au .
Overburden	Unmineralised material overlaying coal deposits or ore bodies.
Rehabilitation	Treatment of disturbed areas to achieve a level of stability equal to that which existed before or to an alternative acceptable form.
SMS	Safety Management System
SOP	Standard Operating Procedure



How can we improve this report?

If you have any ideas on how we can improve this report please give us your feedback on the form below. After completing the reply-paid form below, tear along the perforations and place in the mail.

Feedback

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Did this report meet your information needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did you find the report to be transparent and open?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did you find the information easy to understand?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did you find the information useful?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	POOR	GOOD	EXCELLENT
How would you rate our environmental performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How would you rate our health & safety performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How would you rate our community involvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	LESS FAVOURABLE	SAME	MORE FAVOURABLE
How has this report changed your opinion:			
• of our environmental practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• of our health and safety practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• of our community involvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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