



Wesfarmers



Social Responsibility Report 2004



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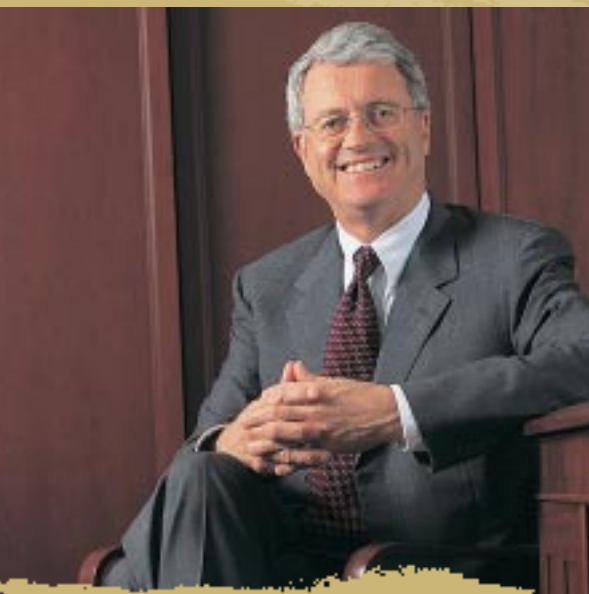
areas covered

-  BUSINESS MANAGEMENT
-  ENVIRONMENTAL
-  SAFETY AND HEALTH
-  COMMUNITY

www.wesfarmers.com.au

Cover: Bunnings' reusable shopping bags, part of its campaign to reduce use of plastic bags. (See pages 6, 8 and 13).

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY



In 2004 Wesfarmers celebrates two historical milestones – the 90th year since its foundation as a Western Australian farmers' cooperative and the 20th year of life as one of the most successful companies listed on the Australian Stock Exchange.

Wesfarmers is a good example of a sustainable corporation. Sustainability, in the business context, requires a company to deliver good returns to its owners and to conduct itself in other ways that help contribute to its longevity. These include treating employees with fairness and respect, acting ethically and demonstrating a willingness to engage with the community beyond the primary contribution of job and wealth creation.

One of the ways in which a company can show it takes these issues to heart is to report publicly on performance in areas other than in respect of its legal obligations to disclose financial outcomes. This is the seventh such report we've produced and it incorporates some important new features, as I discuss below.

Before that, I want to thank all our employees for their dedication and constant efforts to improve performance in everything they do. Much has been achieved again this year and a couple of aspects deserve special mention.

The first is the decision by Bunnings to introduce a levy on plastic bags. Everyone agrees that disposal of these bags is a real issue for the environment. Bunnings has done something about the problem in a very practical demonstration of social responsibility.

We are proud also of the recognition of the work by our employees at the Premier coal mine in Western Australia. During the year, Premier won the mining section of the national Banksia Awards for sustainable development leadership.

On the safety side, three of our businesses – Kleenheat Gas, CSBP, and Wesfarmers LPG – achieved the group's annual target of reducing accident rates by 50 percent. All our employees know the importance we place on working safely and while a lot remains to be done there have been very significant improvements over recent years.

REPORTING FORMAT

I mentioned earlier that this report contains some new features.

We have added a section at the front which covers key aspects of the whole group across a range of issues. For the first time, available data relevant to environmental, community or social impacts have been aggregated. And we've included information about economic impacts as well as aspects of the company's approach to corporate governance. We hope that these changes will help readers who wish to assess the operations of the company in a wider context.

The name of the publication has been changed to reflect developments since 1998 when it focused entirely on environment, health and safety issues. These remain core corporate obligations but they need to be seen as part of a broader assessment of a company's overall performance with respect to social responsibility and sustainability.

These initiatives, combined with refinements in the business unit texts such as clearly indicating success or failure in meeting priority targets and relating greenhouse emissions and energy use to units of production or a financial indicator, are part of the ongoing improvement of our reporting process.

We will continue to look at how the way we report might relate to the Global Reporting Initiative (GRI), an evolving international benchmark in this area. In the past year we sought advice from two external consultants about this and the changes to which I have referred incorporate some of their suggestions.

Where we will end up with respect to the GRI or similar reporting standards is not clear given that, consistent with our operating structure, this report will

always be business unit-focused. There are real issues for a company such as ours in doing otherwise, in view of the very extensive sector and geographical diversity of our operations.

For example, stakeholder engagement is highly relevant and readily reportable for our coal mines at Collie in Western Australia and Blackwater in Queensland but difficult to address and measure for businesses like Bunnings and Blackwoods which have outlets in hundreds of different communities throughout Australia and New Zealand.

Similarly, we have a group-wide safety target but setting of other group goals may be less meaningful given the very different nature of our separate businesses. Some of our business units are also not yet at a point where they are able to measure accurately a number of indicators, although improvements were made this year with respect to reporting electricity use. A requirement for more specific individual business unit targets may be a better way to go.

Whether you are reading this report in hard copy form or accessing it via our website, I hope it will improve your understanding of how we approach many of the issues that are part of the social responsibility agenda of progressive companies in Australian and across the world. As always, we welcome your comments either by way of the reply paid form in the back of the report or electronically via our website.

Michael Chaney
Managing Director

ABOUT

THIS REPORT

TIMING

This report covers the financial year ended 30 June 2004. 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.

REPORT BOUNDARIES

The report this year includes for the first time our new Insurance division, formed in October 2003 by combining Wesfarmers Federation Insurance with the acquired Australian and New Zealand operations of Lumley Insurance. Given the nature of its activities, the business is reporting in a less extensive way than the other major contributors to this publication. All other businesses wholly-owned as at 30 June 2004 are covered, with the exception of the forest products business, Sotico. We are not able to report on the operations of this business in 2003/2004 because of

staff reductions that occurred as part of its pre-sale restructuring. The sale of Sotico's remaining operational assets was completed in August 2004. This report does, however, include and will continue to include information on remediation of contamination for which we retain responsibility.

The report also contains information on the 40 per cent-owned Air Liquide Western Australia (which we manage) and the wholly-owned StateWest Power. Brief reference is made to other businesses with which we are associated – the Australian Railroad Group, 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.

SAFETY PERFORMANCE DATA

Readers will notice on the safety performance graphs, at the start of each business unit section, a reference to statistics being for the year to 30 June but "as at 30 September 2004". 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 version 3 (March 2003). Where there has been a material departure from the AGO methods, or where a source of emissions has been excluded, we have noted it and explained the reason. We have also broken down our greenhouse emissions into "direct" and "indirect" emissions in accordance with the AGO methodology. 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. Further information is available at www.greenhouse.gov.au.

↓
A wildlife visitor at the
Curragh mine,
Blackwater, Queensland.

REPORT PREPARATION

Data collection and report drafting is the responsibility of business unit environmental and safety representatives who are part of a Working Group convened by the Corporate Office. Drafts are 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.

VERIFICATION

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

After the discussions referred to above are complete and a final draft agreed, the business unit representatives are 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 conduct sample verification checks through site visits and desktop audits. They later prepare reports for senior management.

The internally-verified reports, signed off by the authors and senior management, including the divisional managing director, are provided to independent assessors from the Snowy Mountains Engineering Corporation (SMEC). SMEC was engaged in 2000 to conduct the external verification process and to prepare a detailed report to business unit and Wesfarmers Limited management. A five-year plan prepared by SMEC in 2000/2001 was adopted and forms the basis of our commitment to the ongoing improvement of this publication. SMEC's findings on this report are published on page 80.

AUDIT COMMITTEE

Board oversight of this report is delegated to the Audit Committee. The committee discusses the report at a special meeting and gives final approval before publication.

FORMAT

Again this year we have used a format suggested by SMEC which 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 have continued with the layout because we believe it 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 need to consider whether these can be closed.

We have amended slightly the reporting style in the Overview section of each business unit by identifying this year the main environmental or health and safety issues on which the business focused attention during the reporting period.

COMPLETENESS

We do not claim that this report provides 100 per cent coverage of our safety, environmental and community relations performance. There are gaps in our knowledge which will be reduced as our systems improve, particularly with respect to newly-acquired or merged businesses. 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. We have used current names of government departments and other regulators even though their designations may have been different during the reporting period. 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 us your comments on the form on the inside back cover.



Wesfarmers and the Earthwatch Institute formed a partnership in 1997 to provide opportunities for employees to participate in field research projects and to reinforce our commitment to environmental care and sustainable development. One of this year's participants was Samara Dequen from Wesfarmers Energy who worked with scientists studying koala ecology on St Bee's Island, Queensland.



GETTING IT TOGETHER... OUR GROUP AT A GLANCE

Economic Profile

One of Australia's largest public companies, we have been listed on the Australian Stock Exchange since 1984 after beginning life as a farmers' cooperative in Western Australia in 1914. We are a very diversified organisation with interests in home and garden improvement products and building supplies; energy – including coal mining, gas processing and distribution and power supply; insurance; chemicals and fertilisers manufacture; industrial and safety products distribution; rail transport; and plantation forest products.

In the year to 30 June 2004 our company recorded a net profit of \$873 million (including \$304 million from the sale of a business unit) and at the end of the reporting period we had a market value of \$11 billion. Other significant economic indicators are summarised in Figure 1, below.

At the end of June 2004, we employed just over 28,000 people on a permanent or casual basis, including almost 2,500 in New Zealand. 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.

FIGURE 1 – GROUP ECONOMIC INDICATORS

NET SALES	\$7.4 BILLION
COST OF GOODS, MATERIALS AND SERVICES PURCHASED	\$5.8 BILLION
PAYMENTS TO EMPLOYEES	\$866.0 MILLION
DIVIDENDS PAID TO SHAREHOLDERS	\$527.0 MILLION
INTEREST PAID ON BORROWINGS	\$80.0 MILLION
INCOME TAX AND OTHER PAYMENTS TO GOVERNMENTS	\$536.0 MILLION
INCREASE IN RETAINED EARNINGS	\$372.4 MILLION

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 operations.

Details on our community contributions are contained in the Social Profile section of this report, as are the main elements of our approach to corporate governance.

We are one of 17 Australian companies selected for inclusion in the Dow Jones Sustainability World Indexes (DJSI World) for 2005. 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.



Social Profile

OUR PEOPLE

A company's standing in the communities in which it operates is affected by many things, among them how it treats employees. We are a major employer with more than 90 per cent of our workforce located in Australia and the balance in New Zealand (see Figure 3, page 6). This year we paid out \$866 million 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. While we do not keep records of trade union membership we estimate that 36 per cent of our people are covered by some form of collective agreement.

About 75 per cent of permanent employees hold shares in the company with a take up rate of 92 per cent among eligible employees for the share scheme in the year under review.

Gender diversity remains an important issue. Around 42 per cent of our employees are women as are about nine per cent of the top 900 positions in the company, including management and senior professionals. There are two female members on our 13-strong Executive Committee.

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

Given our autonomously-operating business unit structure, issues like training are the direct responsibility of the businesses. We estimate that across the group employee training days per year average about 5.8 at a cost of about \$814 per employee.

We have a Code of Conduct and Ethics 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.

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 measure we apply is the Lost Time Injury Frequency Rate (LTIFR) which is explained in the Glossary section. In the year on which we are reporting, three of our businesses achieved this target (see Figure 4, page 6). For the group as a whole the LTIFR was 10.5 as at 31 August 2004. There were no fatalities during the year. We encourage our business units to report other safety statistics that indicate their safety performance. A review is currently underway as to whether the LTIFR should remain the sole group-wide safety target.

NON-COMPLIANCE/PROSECUTIONS

A prosecution was begun in January 2004 following a fatal forklift accident at our hardware store in East Maitland, New South Wales, in 2002, a little over three months after we had acquired the BBC Hardware store network. We were engaged at that time in a review of the occupational health and safety systems applying to that business. We pleaded guilty and were fined \$240,000 in the New South Wales Industrial Relations Commission on 27 September 2004. The fine was reduced to \$156,000 in recognition of mitigating factors, including acknowledgement that Bunnings is a corporation that places high priority on occupational health and safety issues.

Legal proceedings are continuing against Bunnings with respect to notices served on three locations in Queensland.

Details of any improvement notices issued to our businesses by safety regulators are contained in their reports, as are descriptions of the comprehensive safety systems that apply across the group.

GOVERNANCE

In our Annual Report (available at www.wesfarmers.com.au) we provide a very detailed account of the governance structure of Wesfarmers Limited. There are 13 members on our Board, nine of whom (including the Chairman) are non-executive directors. One of these directors is a woman. The number of executive directors will reduce to three with the retirement in July 2005 of our Managing Director and Chief Executive Officer, Michael Chaney.

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 and in May 2004 the performance of the Board and the Audit Committee was evaluated through responses by directors to a detailed questionnaire.

We also have a Continuous Disclosure policy covering announcements to the Australian Stock Exchange.

COMMUNITY CONTRIBUTIONS

We believe that companies should make a contribution to the community above that which flows from the jobs they create and the returns they deliver to shareholders.

In our case, assistance comes in two ways – through our parent company Wesfarmers Limited and from the businesses we own and operate, either directly by way of sponsorships and donations or through the involvement of their employees in fund raising activities. We were able to provide more than \$4.5 million in the 2003/2004 year in direct assistance to community-benefiting organisations and causes. (see Figure 2 below).

**FIGURE 2-
DIRECT COMMUNITY CONTRIBUTIONS**

WESFARMERS LIMITED	\$ 1,850,045
BUSINESS UNITS	\$ 2,730,666
TOTAL	\$ 4,580,711

In addition, Bunnings contributed to the raising of another \$908,000 for charities and other community

organisations through the use of its stores to promote these causes and the close involvement of its employees in many fund raising activities.

The Board of Wesfarmers Limited makes donations up to an annual ceiling of 0.25 per cent of before tax profit. It directs these funds in most cases to areas which have the broadest possible community reach, such as medical research and education. We believe this is the best way to maximise the benefits from the funds that can be made available.

One of our major current partnerships is with the Telethon Institute for Child Health Research in Western Australia. Headed by Professor Fiona Stanley AC, the Institute conducts research into asthma and allergies, Aboriginal child health, cancer, birth defects, mental health, disabilities and infectious diseases.

The Institute's leukaemia and cancer research is internationally recognised. Leukaemia is the most common form of childhood cancer, accounting for about a third of all cases. Institute researchers have developed a technique in which they grow cancer cells which are studied extensively for abnormalities and to examine molecular changes to help better understand treatment failures with children.

The Institute is also carrying out world-leading work on the causes and treatment of asthma, the most common chronic health problem affecting Australian children and adolescents.

WESFARMERS ARTS

We are a strong supporter of the arts as we believe that a flourishing cultural sector makes an essential contribution to the development of Australia as a sophisticated and prosperous society.

Direct assistance totalling about \$500,000 was provided during the year to a range of leading performing and visual arts companies and organisations. Included in the arts sponsorship programme is an innovative four year partnership with the Perth International Arts Festival. We are commissioning a series of new performing and visual arts works, the first of which is a contemporary dance production by West Australian Ballet at the 2005 Festival.

Another example of our commitment in supporting the growth of the arts is our collaboration in the Designing Futures project which won an Australia Business Arts Foundation Award in August 2003. As Founding Partner, we helped "Form:

Contemporary Craft and Design" develop a long-term programme to develop design and marketing skills for Western Australian fine wood artists and manufacturers.

The two year national tour of "Sublime: 25 years of the Wesfarmers Collection of Australian Art " will conclude in January 2005. Since it began in November 2002, the exhibition has travelled to nine capital cities and regional centres across Australia and been seen by more than 250,000 people.

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 to the Australian Electoral Commission which publishes this information on its website www.aec.gov.au.



Dr Richard Hopkins and Professor Fiona Stanley at the Telethon Institute for Child Health Research in Western Australia, one of Wesfarmers' community support partners.



FIGURE 3-EMPLOYEE DISTRIBUTION BY REGION

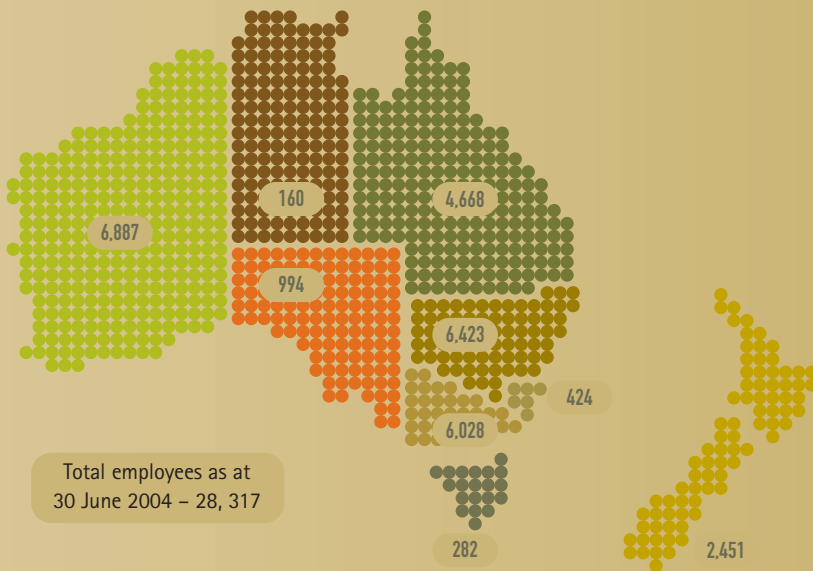


FIGURE 4: BUSINESS UNIT LOST TIME INJURY FREQUENCY RATES

BUSINESS UNIT	02/03	03/04
BUNNINGS	18.3	14.6
CURRAGH	1.0	2.7
PREMIER COAL	0.0	7.0
KLEENHEAT GAS	1.4	0.0
WESFARMERS LPG	7.2	0.0
INDUSTRIAL & SAFETY	8.6	5.4
CSBP	5.4	2.4
INSURANCE	-	2.3

Environmental Profile

The businesses we own are very different in their nature and so, therefore, are many of their environmental challenges. We have a group environment policy and risk management standard which require our business units to develop management systems that best suit their particular circumstances. The policy requires businesses to operate within the guidelines that accompany the Group Objective. One of these commits the company to "placing strong emphasis on protection of the environment as part of its corporate social responsibility obligations". Legal compliance is the absolute minimum – we always try to go beyond that.

A good example is the action taken by our home improvement and building products division, Bunnings, in tackling the problems that arise from the use and disposal of plastic bags. Already a signatory to the National Packaging Covenant to improve ways of managing its waste streams, Bunnings has taken the plastic bag issue head on by imposing a 10 cents a bag levy. Customers who need containers for their purchases are offered the use of more readily recyclable cardboard cartons or they can purchase, at cost, reusable bags.

From the introduction of the levy in the Australian stores on 15 September 2003 to 30 June 2004, plastic bag use has reduced by more than 70 per cent. Proceeds of \$104,000 from the levy have been donated to the Keep Australia Beautiful Council. To the end of the period covered by this report, Bunnings sold 496,452 reusable bags.

Bunnings continues to implement its policy on supply of wood and wood products which will ultimately lead to all suppliers having to produce acceptable third party certification of legally-operating and sustainably-managed forest sources.

In a totally different operating environment, our Premier coal mine at Collie in Western Australia's south west achieved national recognition for its rehabilitation efforts when it won the mining section of the 2004 Banksia Awards. Selected from more than 20 national finalists, Premier was recognised for its sustainability planning, management systems and the work it has done on

converting old mine sites into facilities for motor sports, driver training and aquaculture research. The programme is ongoing and involves extensive contributions from tertiary institutions and the local community.

At our chemicals and fertiliser operations at Kwinana in Western Australia, CSBP during the year developed an innovative nutrient stripping wetland to help further reduce its nitrogen discharges to the adjacent Cockburn Sound. The pilot wetland is designed to treat up to 650 cubic metres of nutrient-rich water per day by circulating it through 10,000 square metres of sedge grasses planted by a voluntary conservation group. If the pilot is a success over a two year trial period and full development of the project proceeds, we expect natural biological processes will reduce nitrogen concentrations by up to 50 per cent.

As reported in previous years, we have a group-wide preference for company-supplied vehicles to run on liquefied petroleum gas because of its environmental benefits over petrol and diesel.

GROUP ENVIRONMENTAL INDICATORS

Our coal mines and chemicals and fertilisers businesses have highly developed monitoring and recording systems as part of their everyday operations. But for others some of the commonly-used criteria for environmental assessments are either not relevant or the businesses have not yet implemented ways of measuring performance against them.

Nevertheless, we have this year improved data collection in a number of areas and can report on some significant issues.

GREENHOUSE GAS EMISSIONS

In last year's report we said the group-wide assessment of greenhouse gas emissions had been completed. This study by external consultants was considered by our Board in December 2003 and the directors accepted its recommendations. These include conducting audits by businesses, particularly with respect to electricity use, and the ongoing monitoring by the Corporate Office of emissions. The recommendations have been implemented and this year we have standardised the reporting of this data based on Australian Greenhouse Office methodology.

Total direct and indirect greenhouse emissions for the group, converted to carbon dioxide equivalents, were estimated at 2.2 million tonnes (see Figure 5). This

FIGURE 5: GREENHOUSE GAS EMISSIONS (CO₂-e tonnes)

BUSINESS UNIT	DIRECT	INDIRECT	TOTAL
BUNNINGS	7,104	162,488	169,592
CURRAGH	336,956	206,526	543,482
PREMIER COAL	39,629	23,855	63,484
KLEENHEAT GAS	13,679	3,498	17,177
WESFARMERS LPG	123,586	6,771	130,357
INDUSTRIAL & SAFETY	9,060	17,145	26,205
CSBP	1,242,244	33,626	1,275,870
INSURANCE	2,324	2,452	4,776
WESFARMERS GROUP			2,230,943

compares with 2.4 million tonnes reported last year and 1.9 million tonnes in 2001/2002. However, these year-to-year comparisons need to be treated with some caution given that previous numbers have been affected in some cases by incomplete data or other factors. We are confident that the system now in place, subject to some relatively minor matters mentioned in some of the business unit reports, will provide the most accurate possible measure in the future.

ENERGY USE

As readers will note in the detailed business unit reports, we have this year standardised our reporting of energy use and related it to units of consumption or other such measures as, indeed, we have with the greenhouse gas emissions and waste data.

Total estimated energy use for our group in 2003/2004 was almost 14.5 million gigajoules with business-by-business usage summarised in Figure 6, below.

FIGURE 6: ENERGY USE (IN GIGAJOULES)

BUSINESS UNIT	
BUNNINGS	522,911
CURRAGH	1,047,405
PREMIER COAL	612,988
KLEENHEAT GAS	207,371
WESFARMERS LPG	2,160,923
INDUSTRIAL & SAFETY	180,684
CSBP	9,698,695
INSURANCE	42,218
WESFARMERS GROUP	14,473,195

WATER CONSUMPTION

Water use is an important issue in Australia. In 2003/2004 we estimate use of scheme and bore water totalled 10,483 megalitres (see Figure 7). This excludes water used by our Kleenheat Gas business

because many of its operating sites are leased and no adequate measure is available and the Insurance division which is a low water user but does not measure consumption.

FIGURE 7: WATER CONSUMPTION

	MEGALITRES
BUNNINGS	845
CURRAGH	4,693
PREMIER COAL	525
WESFARMERS LPG	13
INDUSTRIAL & SAFETY	118
CSBP	4,289
WESFARMERS GROUP	10,483

WASTE

We have incomplete records of waste generation. 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 of water-based paint brushes.

With these qualifications, we estimate total solid waste at 384,460 cubic metres with liquid wastes of 964,980 kilolitres.

NON-COMPLIANCE/PROSECUTIONS

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

At CSBP, 16 potential non-compliances were reported to the Department of Environment (DoE). The DoE has advised that no further action will be taken with respect to 14 of these and discussions continue on the remaining two issues.

Our LPG extraction plant at Kwinana in Western Australia continues work to ensure its operations comply with noise control regulations.

Full details on these matters are contained in the business unit 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 this year we have included reference to some of the more significant emissions in the relevant business reports to give readers an idea of the scope of this issue.

ENVIRONMENTAL EXPENDITURES

Some of our businesses obviously have more exposure to environmental issues than others. Direct expenditure during the year, including salaries and specific project expenses, by those businesses for whom these are most relevant (Curragh, CSBP, Premier Coal, Wesfarmers LPG and Kleenheat Gas) exceeded \$8.7 million.

CONTAMINATION

Site contamination is an issue for some of our business units and details are provided in this report. The most significant of these involve our CSBP chemicals and fertilisers business and our former forest products business, Sotico.

CSBP is engaged in remediation of a former fertiliser site at Bayswater in Western Australia which involves treating contaminated soil, impacted groundwater and asbestos in buildings on the site. The project has involved community meetings and other stakeholder consultation and finalisation is expected to take four to five years. Remediation of the ammonia/arsenic plume at CSBP's Kwinana site is likely to take about three years following the commissioning in May 2004 of a wastewater treatment plant.

With the sale of the Sotico business, we have retained responsibility for remediating contamination at and adjacent to the timber mill at Pemberton in Western Australia and at the processing centre in the nearby town of Manjimup.

Detailed accounts of our approach to these issues is contained in other parts of this report.



BUNNINGS

We are Australasia's leading supplier of home and garden improvement products and building materials. Sales during the year reached about 3.8 billion dollars. At 30 June 2004 we had 125 warehouse stores and 85 smaller format stores with 12 new warehouses opened in the financial year and another seven under construction in Australia and New Zealand. We also operate 18 WA Salvage discount variety stores in Western Australia. We employ about 21,000 people.

Overview

The main challenge facing our business on an ongoing basis is the safe operation of our stores, manufacturing sites, distribution and support centres 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 implementation of our timber procurement policy, introducing a plastic shopping bag reduction strategy and conducting an external review of electricity consumption.

Our Timber and Wood Products Purchasing policy is progressing towards the second year benchmark in December 2004 requiring suppliers to possess official documentation attesting to the legality of the forest operations from which the product is sourced.

We achieved a reduction of over 73 per cent in the use of plastic bags following the introduction during the year of our very successful campaign in Australia to

encourage customers to use alternatives by charging 10 cents per bag with all the funds donated to Keep Australia Beautiful.

An external review of electricity consumption was conducted to quantify electricity use in our stores, distribution centres and support centres and identify opportunities to reduce electricity consumption. We will focus on identified reduction opportunities during the next year.

The two main safety areas on which we concentrated during the year were conducting the Bunnings Safety Awareness For Everyone (BSAFE) safety leadership training programme for our entire management team and implementing specific hazard reduction programmes directed at higher risk areas of our business such as manual handling, traffic management and contractor safety.

The BSAFE strategy is aimed at improving safety through a multi-pronged approach delivering a sustainable reduction in unsafe acts and unsafe conditions. BSAFE began in August 2003 and was launched at our annual conference with the first phase consisting of an intensive safety leadership workshop for our executives. The workshop

Andy Cooper helping a customer at the Busselton warehouse in Western Australia.



LOST TIME INJURY FREQUENCY RATE

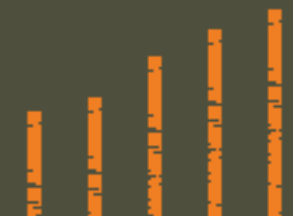
00	01	02	03	04
9.5	5.9	8.4	18.3	14.6

1 July 99 - 30 June 04 (as at 30 September 04)
*Contractors not included



NUMBER OF WORKERS COMPENSATION CLAIMS

00	01	02	03	04
448	503	860	1,061	1,176



WA SALVAGE

www.bunnings.com.au

03

2003 REPORT PRIORITIES

Improve safety performance by at least halving our LTIFR each year with zero LTIs our ultimate aim.

Further develop safety leadership culture and safety education within senior executive and management teams.

Deliver re-engineered Safety Management System based on AS/NZS 4801 across the business.

Continue developing an effective Environmental Management System based on ISO 14001.

Progress sustainable timber and wood policy with our suppliers.

Continue to improve the eco-efficiency of our operations.

HEALTH AND SAFETY

Copies of our new safety video were distributed to each store and shown to team members, reinforcing the top down commitment to safety and the BSAFE strategy. During the year about 20,000 team members received this message, which is also incorporated as part of the induction process.

04 ↓

OUTCOMES

Not achieved. Our LTIFR reduced by 20 per cent from 18.3 last year to 14.6. There were 347 LTIs.

In New South Wales and the Australian Capital Territory where our new BSAFE safety improvement strategy was fully implemented, our LTIFR reduced by 43 per cent from 35.5 to 20.2.

Achieved. Ten safety leadership workshops were conducted by Dupont for our senior managers in Australia, incorporating a safety launch video. We adopted a revised safety vision of "Nobody Gets Hurt" recognising all injuries are preventable for team members, customers, contractors and suppliers.

Achieved. We launched our comprehensive safety improvement strategy BSAFE at a national conference for all managers and delivered the programme progressively throughout the entire network. The BSAFE programme is a new direction in safety focused on reducing unsafe acts and conditions.

Achieved. An external review was conducted to quantify electricity consumption. An external environmental audit was conducted on a cross-section of our business operations to determine aspects and impacts requiring EMS consideration.

Achieved. Our first year policy benchmark required suppliers to complete a survey listing the origin and species of timber and wood products and indicate the current level of documentation available to establish the forest source as legal and well managed. All suppliers surveyed met the benchmark.

Achieved. A highlight was our plastic shopping bag consumption in Australia reducing by over 73 per cent from approximately 2,660 bags sold per 100,000 customers in September 2003 down to 702 bags sold per 100,000 customers in June 2004. We sold 496,452 reusable bags during the year.

A completely revised manual handling training programme was designed with input from risk consultants and our team members. It will be conducted through a "train the trainer" process at all stores. To support this approach a new custom-made manual handling training video was developed by an external film production company and filmed on location at one of

has greatly assisted those executives in their role as safety leaders driving behavioural change. BSAFE includes a strong emphasis on the role of executives in conducting safety observations during site visits.

A completely revised manual handling training programme has been designed with input from risk consultants and our team members. It will be conducted through a "train the trainer" process at all stores. A comprehensive traffic management plan incorporating designated unloading bays, forklift exclusion zones, signage and pedestrian line marking has been designed for each store. Accredited BSAFE inductions were developed and implemented for suppliers.

Our internal OHSE audit programme this year demonstrated significantly higher levels of compliance: dangerous goods 97 per cent compliance (compared with 76 per cent last year) and occupational health and safety 92 per cent compliance (compared with 80 per cent last year).

BUSINESS MANAGEMENT

Training

To achieve our environmental and safety goals we upgraded existing, and introduced new, training and development programmes covering safety, health and the environment.

Software implementation and testing is progressing for our on-line learning system known as the "Bunnings Learning Academy". This system will increase our flexibility to provide training and information to our team members through kiosks currently being piloted at selected stores.

ENVIRONMENTAL

We conducted an electricity consumption awareness programme for our Australian complex and store managers to assist them in identifying and reducing common areas of electricity wastage.

A workshop for our executives and merchandise buying teams on Australian and international timber certification and our timber and wood products procurement policy was attended by about 35 people.

We also delivered environmental awareness presentations for senior managers to assist them in identifying eco-efficiency opportunities.

our stores. The video was well received by team members and presents the issues and potential hazards that are specific to working in a warehouse or smaller store environment.

Accredited BSAFE inductions were developed and implemented for suppliers. These inductions were designed to communicate the BSAFE standards to suppliers working on our sites. Suppliers received a three hour training presentation reinforcing acceptable safe working practices and advising them of the potential hazards specific to our stores such as forklifts, manual handling, and chemical storage. Proactive hazard reporting is also encouraged. At the completion of the course participants received an accreditation pass. During the year 4,880 suppliers attended this training.

Specialist training consultants were used to provide training on mobile plant such as forklifts with approximately 250 team members having undergone forklift refresher training and elevated work platforms training during the year.

We have also introduced a specific Dexion racking safety training programme to all stores. This provides skills and knowledge in the erection, dismantling, safe loading and unloading and inspection of racking.

We conducted the BSAFE safety leadership training programme for all of our senior managers and for department supervisors in New South Wales and the Australian Capital Territory to address previous poor safety performance in this region. Since the introduction of the programme, we have seen a 43 per cent reduction in our LTIFR in New South Wales and the Australian Capital Territory. The safety leadership programme for department supervisors will be duplicated in all other regions in the next year.

EMERGENCY

An arrangement with a national fire safety training provider has been established to deliver a competency-based emergency management module specific to our needs. All site emergency warden teams will complete this training over the next year with annual refresher training thereafter.

Our executives attended a one-day emergency and crisis management workshop and scenario exercise to further build our capacity in this area.

Compliance

ENVIRONMENTAL

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

To assist ongoing compliance we keep up to date with any changes in regulations by subscribing to a number of professional journals, Australian and New Zealand Standards and news alerts from state and federal authorities' websites.

We seek open dialogue with the 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.

NATIONAL POLLUTANT INVENTORY (NPI)

Due to the nature of our retail business activities, we did not use any of the substances listed under the NPI during the year and therefore we are not required to report.

HEALTH AND SAFETY

We operate under health and safety legislation that varies between the regions in which we operate.

Initiatives such as externally-conducted risk assessments, safety committees, hazard inspections and internal audits assist us to identify and address any areas of risk or non-compliance.

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 received 83 notices from relevant authorities covering safety-related issues ranging from traffic management, forklift safety, manual handling and storage of dangerous goods. All notices were resolved by the specified date.

The prosecution notices served on our Caloundra, Mackay and Bundaberg stores reported last year have been further adjourned and are still subject to legal proceedings. The hazards associated with these incidents have all been addressed.

We received a prosecution notice from the New South Wales Workcover Authority in relation to the fatal forklift accident at our East Maitland store in 2002, a little over three months after we had acquired the BBC Hardware store network. We were

engaged at that time in a review of the occupational health and safety systems applying to that business. We pleaded guilty and were fined \$240,000 in the New South Wales Industrial Relations Commission on 27 September 2004. The fine was reduced to \$156,000 in recognition of mitigating factors. These included our early guilty plea, cooperation with the Worksafe investigation and the fact that Bunnings is a corporation that understands the importance of, and has strong commitment to, occupational health and safety.

LICENSING AND APPROVALS

Individual local government authority environmental requirements are addressed at the development application stage of each new site.

Dangerous goods storage licences or storage notifications are in place where required by applicable legislation. Where we are able to maintain storage limits below licensing cut-off levels we adhere to our internal risk management programme based on NOHSC: 2017(2001) and AS/NZS 3833.

Management systems

INTEGRATED MANAGEMENT SYSTEM

Wide scale integration of OHSE standards has been achieved across our business through the introduction of the BSAFE strategy.

Each of our functional areas is represented by an executive on the Senior Safety Leadership Team who has responsibility to implement aspects of the OHSE strategy in their area. This is reflected in the processes and planning across the merchandising, operations and store development areas of our business.

We will further improve this integration through a project currently being undertaken to implement a networked risk management system that can be used to record and track incidents and keep records of individual site risk assessments.

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

We have progressed the development of our EMS systems based on AS/NZS ISO 14001 by engaging consultants to conduct environmental audits at a number of our sites. These audits are the basis of creating an aspects and impacts register for our EMS.

The key aspects identified in the audit with the potential for high impact related to electricity and water consumption, waste disposal and recycling, liquid waste from paint brush washing, nutrient run-off to stormwater drains and dangerous goods spillage containment. Recommendations include updating existing and developing new procedures, internal communication and training tools and assigning responsibilities to sites.

These recommendations form the basis for ongoing strategies to be undertaken in the next year, aimed at improving our environmental performance.

Our EMS is planned to be fully established by January 2007.

QUALITY SYSTEM

Our OHSE programmes are subject to a number of quality assurance monitoring processes. A multi-layered system of self-assessments and ongoing audit programmes ensures exceptions are remedied quickly. Each month, minutes of safety committee meetings, injury registers and hazard inspection checklists are completed, reviewed and actioned by the relevant health and safety coordinators, complex or store manager and senior manager.

An internal OHSE audit review is conducted annually to target potential risk areas. We aim to continuously improve our performance in managing potential risks. Audit results are scrutinised by the relevant senior manager with actions and resources applied quickly to resolve issues and prevent recurrence. Management performance assessments and store bonus payments remain closely linked to these audit results.

The audit programme this year demonstrated significantly higher levels of compliance: dangerous goods 97 per cent compliance (compared with 76 per cent last year) and occupational health and safety 92 per cent compliance (compared with 80 per cent last year). With the large number of our team members involved in the ongoing promotion of our BSAFE strategy, it is expected that a high level of OHSE audit compliance will be maintained.

We have continued with our quarterly external audits on essential fire and life safety systems maintenance at locations to ensure scheduled maintenance is taking place according to standards and any faults actioned for repair or upgrade.

An extensive essential service review was completed. This resulted in a comprehensive performance-based partnership agreement with Chubb Fire

Safety for fire system testing and maintenance at all our stores.

SAFETY MANAGEMENT SYSTEM (SMS)

In recognition that our culture in terms of safety performance and awareness was unacceptable, a strategy known as BSAFE to improve safety performance and awareness across our business was developed in 2003 and is being implemented.

The BSAFE strategy aims to dramatically improve our safety performance with a focus on "safety" as a "whole of business" issue. This strategy is being led and driven by the multifunctional senior management group that make up the Senior Safety Leadership Team. Key areas of focus are:

- developing clarity of safety objectives, key milestones and relationship to commercial business outcomes across all levels of team members;
- safety leadership training and education across all functions and levels; and
- implementing a comprehensive site-based safety management system.

A behavioural change programme is being implemented with the assistance of DuPont, an international leader in best practice safety procedures. All of our Australian senior managers completed this BSAFE safety leadership training programme and are currently involved in "field coaching" of team members with DuPont consultants.

The BSAFE safety leadership training has greatly assisted our executives in their role as safety leaders driving behavioural change. BSAFE includes a strong emphasis on the role of executives in conducting safety observations during site visits. The programme seeks involvement and opinions by engaging a broad range of team members.

A completely revised BSAFE safety management system was developed and is progressively being released to stores in module format. The two initial modules for traffic management and forklift operation were released in February 2004 and other modules will be released at the rate of two per month during 2004. These modules assist team members in managing safety and each new module is discussed at monthly safety committee meetings for promotion to team members.

Safety is the first agenda item at our executive and senior management meetings and a safety observation has to be discussed by each participant.

POLICY

To clearly communicate our BSAFE strategy we have adopted a simple and powerful vision statement: "Nobody Gets Hurt". Our aim is that no one is ever injured in our stores or elsewhere in our business operations.

Our annual target is a reduction of at least 50 per cent in our LTIFR, with an ultimate aim of zero LTI's.

Ultimately, safety is about looking after each other and ourselves, understanding and accepting that we all must share the responsibility.

We have adopted policy statements in relation to our resource usage and waste reduction and recycling as part of our National Packaging Covenant commitment. We also have adopted a policy aimed at ensuring that timber and wood products in our stores are derived from legally operating and sustainably managed forests.

Our five year corporate plan includes a social responsibility statement detailing our commitment to our workforce, the community and the environment. We are currently working on the development of an overarching environmental policy based on that statement and recommendations from the environmental aspects and impacts audit conducted in June 2004. We will also be developing internal and external communication tools to better promote our environmental policy objectives to our team and customers.



Truck exclusion zones, like this one at the Bayswater warehouse in Victoria, are part of an improved traffic management system.





Liz Canning at the Bayswater warehouse with a reusable bag, a part of Bunnings' plastic bag reduction campaign.



ENVIRONMENTAL

Air

We have undertaken air quality assessments using external consultants for a cross section of our locations, including a large warehouse store, a smaller traditional 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 standards.

DUST

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

ODOUR

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

GREENHOUSE GAS EMISSIONS

Increases reported in our greenhouse gas emissions below are as a direct result of the opening of new warehouse sites, improved measurement identifying previously unreported emissions from landfill waste disposal and New Zealand vehicle fuel and gas consumption. This data excludes greenhouse gas emissions from the WA Salvage business in Western Australia.

Our direct greenhouse gas emissions during the year from vehicle fuel use and gas heating were estimated to be 7,104 tonnes of carbon dioxide equivalent, up 50 per cent on last year. Excluding the addition of New Zealand vehicle fuel and gas heating emissions, the actual Australian increase was 13 per cent.

In addition, our indirect greenhouse gas emissions during the year from imported electricity were estimated to be 125,871 tonnes of carbon dioxide equivalent, up 11 per cent on last year, attributed to new warehouse store openings. Indirect emissions from waste disposed off-site were estimated at 36,617 tonnes of carbon dioxide equivalent. Waste disposal has been included in our greenhouse gas emissions this year in accordance with the Australian Greenhouse Office recommendations.

The only other source of greenhouse gas emissions of which we are aware is related to LPG used by forklifts and as we have not measured the quantity of LPG used we are unable to estimate associated emissions.

Our greenhouse gas emissions were largely due to electricity consumption at our stores, distribution centres and support centres (approximately 74 per cent), waste disposed off-site (approximately 21 per cent) vehicle fuel use (approximately four per cent) and gas heating at some stores (approximately one per cent).

Our total (direct and indirect) greenhouse gas emissions per hundred thousand dollars of sales were estimated to be 4.5 tonnes of carbon dioxide equivalent, up 19 per cent on last year. The actual increase excluding this year's addition of waste disposal and New Zealand fuel emissions, equates to eight per cent, mainly attributed to new warehouse store openings.

NOISE

Environmental impact studies are submitted to local authorities as required when a warehouse development is undertaken.

We work with neighbouring residents to adjust noise levels relating to traffic

management and volume of our public address system whenever this becomes an issue.

OTHER EMISSIONS

We are not aware of any emissions of ozone-depleting substances.

Water

CONSUMPTION

Our main use of water during the year related to nursery irrigation systems and kitchen/washroom facilities.

Total water consumption for the year was estimated to be 845 megalitres.

Our total water consumption per hundred thousand dollars of sales was estimated to be 23 kilolitres.

We are unable to measure the quantity of ground water used by a small number of sites to reticulate landscape garden areas.

Scheme water irrigation systems for the plant nursery areas are controlled through an automated pre-set timer system. Reticulation cycles are programmed to comply with sprinkler restrictions where imposed. Station pre-sets are programmed for the correct duration to prevent overwatering.

In South Australia, where specific restrictions apply to nurseries, we have implemented procedures to ensure we minimise water use and comply with regulations.

REUSE AND RECYCLING

Five sites (Mile End in South Australia, Cannington and Morley in Western Australia, Minchinbury in New South Wales and Mackay in Queensland) reuse storm water run-off from the nursery to water landscape gardens or recycle back through the irrigation system.

Comments regarding the programmes in place within the business to promote water conservation are contained in the "Community/Social" section of this report.

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. In the recent environmental aspects and impacts audit the importance of good housekeeping in

outdoor storage areas was noted to reduce the likelihood of spilt soil mixes or fertilisers washing into stormwater drains. We already pay close attention to housekeeping to minimise odour by removing or fixing broken or damaged packages of manure, garden mixes and chemicals, including fertilisers.

Waste

SOLID WASTE

We estimate our total solid general waste stream during the year to be 268,956 cubic metres prior to compaction. Of this amount, over 17,000 cubic metres of cardboard and plastic is recycled.

Our total solid waste disposed of to landfill was estimated to be 7.3 cubic metres per hundred thousand dollars of sales.

We are continuing to pursue our action plan commitment as a signatory to the National Packaging Covenant and have submitted our annual progress report detailing the achievements so far and our ongoing projects. The action plan report can be accessed at www.packcoun.com.au. Our action plan has been a mechanism for us to bring together a number of varying environmental and eco-efficient strategies.

To assist in the development of a replacement National Packaging Covenant that will follow on from the existing covenant in August 2005, we took part in a series of feedback forums and reviews.

We implemented a plastic bag reduction strategy in response to public concerns regarding the use of plastic shopping bags. In September 2003 we voluntarily introduced a fee of 10 cents per plastic bag in all our Australian stores, which is donated to the Keep Australia Beautiful Council. We encouraged customers to use free cardboard boxes or purchase a large reusable carry bag instead of using plastic bags. The programme has influenced a reduction in plastic bags sold from approximately 2,660 bags per 100,000 customers in September 2003, when the fee was introduced, down to 702 bags per 100,000 customers in June 2004. During this period reusable bags have been heavily promoted throughout our stores with a total of 496,452 bags sold. As at the end of the reporting period more than \$100,000 had been donated to the Keep Australia Beautiful Council.

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 of water-based paint brushes. We did not measure the total quantity of liquid waste we produced during the year, but we estimate that 4,440 litres of paint rinsing water were reused on garden beds.

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

Where required by local authorities:

- wash down sumps or separation units are installed to capture hydrocarbon run-off;
- bin wash down areas are connected to sewerage systems instead of draining direct to storm water; and
- locations with a cafe have a grease trap installed to filter contaminants before drainage to sewer.

Waste management contractors collected 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 chemicals 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 we have cardboard and plastic shrink-wrap recycling collection stations at all major sites. Compactors are used in warehouses to optimise recovery rates.

An agreement with Visy was established in January 2004 to install co-mingled recyclables and office paper recycling bins at our metropolitan stores in Victoria and New South Wales. Co-mingled bins will be located in cafe areas for use by customers and team members.

Where we have been unable to establish regional or state-based arrangements to recover other recyclable material such as wood, steel and plastics, stores are encouraged to establish relationships with local specialty recycling companies. These

provide recycling services covering wooden pallets, steel strapping, plastic plant pots, glass and aluminium cans at a number of stores, further reducing landfill waste.

We continued our support of the "Paint Back" paint recycling programme building on the March 2003 trial conducted in conjunction with Dulux and Victoria EcoRecycle. During April 2004 our Bayswater warehouse store in Victoria ran "Paint Back" to trial a more sustainable paint recovery process using a specially designed drop off point inside the store that was available to the public every day free of charge. Ten tonnes of steel paint cans were recycled and 6,300 litres of recovered paint were recycled into a fence paint product that is being sold in our stores. We will continue to work with our programme partners to extend "Paint Back" to other sites in Victoria in the first instance.

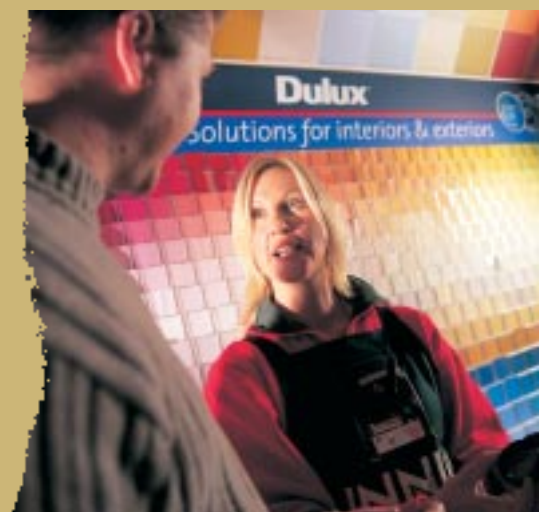
CONTAMINATION

Asbestos management plans have been put in place at four sites in New South Wales referred to in last year's report. We engaged environmental consultants to undertake asbestos assessments at three sites in Western Australia. Two were found not to contain asbestos and a management plan was put in place for the third.

Another nine Australian and eight New Zealand sites believed to contain asbestos have been identified for assessments and we are negotiating with the owners of these sites to complete the process.



Diane Bell explaining to a customer the paint recycling programme operating at the Bayswater warehouse.



Resource use

ENERGY

Our main use of energy during the year related to electricity consumption, vehicle fuel use and gas heating at some stores.

We estimate our total energy consumption for the year to be 522,911 gigajoules, up approximately 21,000 gigajoules or four per cent on last year.

Our total energy consumption per hundred thousand dollars of sales was estimated to be 14 gigajoules. This is the first year that we have introduced a total energy consumption calculation in this format and it will be used as a basis to measure our performance in following years.

Our energy sources are detailed below.

FUEL

Diesel and petrol accounted for approximately 13 per cent of our total energy consumption by gigajoule. Our diesel and petrol consumption was 520,733 litres and 1,442,196 litres, respectively.

ELECTRICITY

Electricity accounted for approximately 81 per cent of our total energy consumption by gigajoule. Our electricity consumption was estimated to be 117,000,000 kilowatt hours.

GAS

Natural gas and LPG accounted for approximately six per cent of our total energy consumption by gigajoule. Our gas and LPG consumption was estimated to be 25,217 gigajoules and 277,136 litres, respectively.

SAFETY AND HEALTH

LOST TIME

Our LTIFR was 14.6 (compared with 18.3 last year) and, during the year, there were 347 LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 75.7 (compared with 84.9 last year). These statistics do not include contractor hours and injuries.

The number of all injuries during the year was 5,351, compared with 5,492 last year, a reduction of 2.5 per cent.

We believe that an overall LTIFR reduction of nearly 20 per cent was attributable to the introduction of our BSAFE strategy. The BSAFE strategy is expected to deliver a sustainable improvement in all injuries statistics as its implementation continues.

All safety incidents are reported to senior management within 24 hours. Safety statistics are distributed and discussed by management and location safety committees each month and, in addition, each month our Managing Director chairs a Senior Safety Leadership Team meeting where LTIs are reviewed. These statistics are reported to our board every two months.

WORKERS COMPENSATION

There were 1,176 workers compensation claims reported, relating to occurrences during the year, compared with 1,061 last year.

many new safe work procedures for potential hazards, including adjustment of storage racks, use of pallet jacks and electric forklifts, stacking shelves, using box cutters, chemical handling, operation of power tools, use of ladders, general lifting and use of plant and equipment.

In April 2004 we introduced a new weight icon marking system to all suppliers who provide bagged or boxed product weighing 20 kilograms or more. This system aims to reduce workplace injuries by raising awareness of safe handling and storage of these heavy products.

EMERGENCY RESPONSE

Contingency plans are in place to address major accidents or security breaches.

Emergency response guides 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.

We have engaged Crisis Management Consultants to review our current capacity in this area. As part of this project we have conducted an executive training workshop and a crisis scenario exercise to improve our capacity to manage a serious event that may have an impact on our business, our team members and the community.

We began upgrading our emergency and crisis management plans to reflect industry best practice and expect to complete this process by December 2004. The upgraded plans will be implemented at all stores to improve local capacity to deal with emergency situations.

We reviewed the current level of emergency warden training and we are working with an external training provider to improve the training standard over the next year. A programme to conduct annual refresher training for emergency warden teams will also be undertaken, including annual facilitated fire drill exercises.

MATERIALS HANDLING AND STORAGE

Materials handling involves the unloading of deliveries and the moving and stacking



Daryl Durack conducting a safety observation on a "WAV" (Work Assist Vehicle) machine at Bayswater.



Hazard and risk

PROGRAMMES

The BSAFE safety leadership training programme we have introduced has been customised by DuPont to suit our needs and has a strong emphasis on safety behaviour and leadership commitment to safety. The training takes two days and includes conducting safety observations with a focus on unsafe behaviours and unsafe conditions.

We have updated our existing safe work procedures into a simple format for ease of understanding. We have also documented

of merchandise onto shelves or high-rise storage areas at our stores and distribution centres.

A variety of material handling devices are provided to ensure this takes place safely and efficiently, including specially designed trolleys for customers to move heavy bagged 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.

We have trialled electric pallet trolleys to reduce physical strain when moving heavily laden pallets and these will be introduced to the store network in the coming year.

A comprehensive traffic management plan incorporating designated unloading bays, forklift exclusion zones, signage and pedestrian line marking has been designed for each of our stores to safely manage the movement of trucks, forklifts and pedestrians in our yards and drive through areas. Implementation of these traffic management plans is well advanced and expected to be fully completed by January 2005.

Strict forklift curfews exist where no access is permitted to the retail floor during peak customer periods.

Material Safety Data Sheet (MSDS) registers for hazardous substances used in the workplace are maintained at each store. An online database of MSDS is accessible by stores and can be printed out for customers on request.

RISK ASSESSMENT

A risk assessment audit was conducted at our Caloundra frame and truss manufacturing site by external risk consultants. As a result, action plans have been implemented and improvements to site safety are being implemented and monitored.

Internal risk assessments are used to assist in determining appropriate action to address potential hazards. Assessments may be undertaken when a new potential hazard is identified in the business, such as a new product on range, or as part of an accident investigation or recognised change in an existing potential hazard. These assessments are a valuable tool in assisting us to target efforts on higher-risk areas and implement commercially sound, practical solutions that are relevant to the level of risk.

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.

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

- a two day "Investment in Excellence" life skills workshop offered to all supervisors and managers and their partners;
- stress management workshops for management teams;
- annual influenza injections offered to every team member; and
- a subsidised yoga programme at our store support centre in Perth.

We are also committed to providing a positive work environment by ensuring that it is free from all forms of inappropriate discrimination.

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 the shareholders of our parent company, Wesfarmers Limited.

Our philosophy is where possible, to proactively establish open dialogue with our stakeholder group and encourage feedback and comment as to our performance.

With the size of our store network it is a challenge for us to ensure we closely engage with all those who take an interest in our business. We do this through stores getting involved in the local community through our store-based community involvement programme and engaging at a regional and national level with major stakeholders.

FEEDBACK/COMPLAINTS

We provide a feedback tool at every location through "How Did We Do?" cards, promoted at the front of the store. A recording and reporting system ensures that every comment is forwarded to our executive team for reply if requested.

The frequent positive letters from customers, communities, government agencies and non-government organisations encourage us to keep striving to make a difference in the local communities where we operate.



Matthew Grosvenor and Steve Brown at the Bayswater warehouse lifting a bulky product off racking featuring new stickers warning of heavy goods.



Any customer complaints from our in-store "How did we do" cards are personally followed up by the complex or store manager, or a senior manager as required.

We received 79 written complaints lodged by customers relating to alleged product performance or damage to property. We personally engage our customers in an attempt to resolve any dissatisfaction and, where this is not possible, formal claims are lodged with our insurers to manage the claim.

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 state environmental protection and waste management agencies through our involvement in reviews of the National Packaging Covenant. We have worked closely with EcoRecycle in Victoria and received their written appreciation for our support of the "Paint Back" programme.

BUNNINGS

In New South Wales we have been involved in several community safety programmes, in conjunction with fire and rescue services and the police, such as "Operation Sleep Safe" where we provide smoke detectors to elderly people at risk and the "Safer Cities and Towns" programme to educate communities on topics including fires, floods and natural disasters.

Through our team of qualified horticulturalists and plumbers in stores, we support water conservation by educating our customers in the benefits of using water-wise products and promoting government rebate schemes. We actively promote water-wise devices and plants in our store displays, catalogues and promotions. Water conservation themes are also presented in our free DIY (Do It Yourself) clinics at stores.

We have supported the Keep Australia Beautiful Council with the industry award-winning "Clean-Site" programme that started in South Australia. This programme is aimed at the DIY renovator and building trades to encourage good water, waste and litter management at building sites. Funding for "Clean-Site" is drawn from the plastic bag levy donations we provide to Keep Australia Beautiful. The programme is to become Australia-wide and we intend to support it through DIY clinics, pamphlets and in-store fact sheets to encourage our customers to become involved.

ACTION GROUPS

We have continued an open dialogue with interested parties in the ongoing implementation of our Timber and Wood Products Purchasing policy. During the year we have been provided with information from the Greenpeace organisation regarding forest practices in the Asia-Pacific region.

Communication

NEWSLETTERS AND REPORTS

A wide variety of internal communication tools were used to ensure that safety and the environment remained front-of-mind workplace issues.

A new format of our in-house magazine, "Bunnings Banter", was implemented to showcase each store's activity in relation to community and environmental programmes. Personal messages from our Managing Director and General Managers promoting safety and community support were also featured.

A trade customer newsletter, "Trade Talk", was sent to major trade customers and made available in stores. It featured editorials covering issues such as sustainability in the built environment, sustainable timber and wood product procurement and our BSAFE strategy, as well as articles promoting our safety and environmental commitments.

WEBSITE

Our website (www.bunnings.com.au) contains information on our wood products policy, an information pack to guide our suppliers towards achieving certification for their timber and wood products and information to assist suppliers in using our weight marking packaging icon for heavy products.

Development of our website is ongoing and will include further information about our operations for the community, including environmental, safety and health information relating to our business.

COMMUNITY SUPPORT

We demonstrate our strong commitment to the communities in which we operate through a Community Involvement Strategy focusing on local, regional and national organisations.

We support many community groups active in health, youth development, the environment, education and community welfare.

During the year, we helped raise funds and contributed more than \$2 million to various charities and community groups throughout Australia.

National programmes of which we are major sponsors include the "Walk to Cure Diabetes", Bluey Day (fundraiser for childhood cancer research) and Anglicare Angels.

At a national level we also take on major sponsorships such as the Clean Beach Challenge in Queensland, Bunnings Fathers' Day Appeal for the Alfred Hospital in Victoria, the Red Shield Appeal in Western Australia and various children's hospital appeals.

In New Zealand, we support "Canteen Bandanna Week", helping to raise funds for support of young people living with cancer.

With the support of our suppliers we run special promotions on selected merchandise in stores where a percentage of sales over a period is donated to selected charitable organizations. Such events this year included Telethon in Western Australia and The Shepherd Centre for deaf and hearing impaired children in New South Wales.

At each of our warehouse stores there is a strong local community focus with team members personally supporting their local community in many ways, including:

- providing expert advice or hands-on support to assist community groups with DIY projects;
- 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 children's sporting teams.

We organise community fun day events to be held in store car parks, inviting local community groups and emergency services to run displays and activities to assist in their fundraising.

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

- conducting workshops for disabled children and nursing homes;
- 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 makeovers for needy members of the community.

At each of our warehouse stores free DIY clinics are offered to adults and children. In addition, specially coordinated "Ladies Nights" are conducted to introduce women to the world of DIY.

Children's workshops are also conducted at schools, community centres and major community events.

Each of our warehouse stores has a dedicated activity coordinator with the role of managing store activities and local community involvement together with a budget and management reporting process.

We will continue to devote our energy and expertise to identifying ways of adding value to the communities in which we operate and reducing our impact on the environment.

PRIORITIES FOR THE FUTURE

- ↘ IMPROVE SAFETY PERFORMANCE BY AT LEAST HALVING OUR LTIFR EACH YEAR WITH ZERO LTIS OUR ULTIMATE AIM.
- ↘ MAINTAIN OUR CONTRIBUTION TO IMPROVE THE SOCIAL AND ENVIRONMENTAL WELLBEING OF THE COMMUNITIES IN WHICH WE OPERATE.
- ↘ CONTINUE THE IMPLEMENTATION OF OUR "BESAFE" SAFETY PROGRAMME, INCLUDING SPECIFIC TRAINING AND HAZARD REDUCTION STRATEGIES.
- ↘ CONTINUE TO DRIVE SUSTAINABILITY IN OUR GLOBAL TIMBER AND WOOD PRODUCT SUPPLY CHAINS.
- ↘ PROGRESS OUR PRODUCT STEWARDSHIP GOALS, WORKING WITH SUPPLIERS TO DEVELOP SUSTAINABLE PRODUCT CHOICES FOR OUR CUSTOMERS, AND CONTINUING TO REDUCE PLASTIC SHOPPING BAGS USE.
- ↘ PROMOTE OUR SUSTAINABILITY OBJECTIVES TO OUR CUSTOMERS AND TEAM MEMBERS TO ENCOURAGE POSITIVE ENVIRONMENTAL BEHAVIOURS IN THEIR ACTIVITIES.
- ↘ FURTHER IMPROVE ENVIRONMENTAL PERFORMANCE AND ECO-EFFICIENCY BY IMPLEMENTING RECOMMENDATIONS FROM THE ENVIRONMENTAL AUDIT AND REDUCING RESOURCE CONSUMPTION.



CASE STUDY

New energy efficient globes and skylights providing ambient light inside the Bayswater warehouse.



In September 2003 we commenced a project to review our electricity costs and consumption for all our Australian stores.

We engaged an electricity management consultant to review our service contracts and tariffs and to advise on electricity consumption reduction strategies.

We compiled monthly electricity usage reports that provided the basis of comparisons across our store network, allowing analysis of like stores and identification of areas of excessive consumption. With the new reporting tool we identified specific problems with excessive consumption and specified remedial action.

Four of our warehouse stores (Mentone, Epping and Bayswater in Victoria and Midland in Western Australia) were shown to have consumption up to 50 per cent higher than other stores.

Technical assistance from electricity suppliers assisted through the provision of site audits which identified common issues such as:

- reduced capacity of globes in service beyond their useful life;
- lighting and ventilation system control faults causing all day running at full capacity;
- outdoor lighting running after hours;
- air conditioners left on for extended periods when not required; and
- lack of site knowledge in the operation of store lighting control systems.

Work to address the issues identified above has commenced with an estimated annualised total reduction in consumption of 627,257 kilowatt hours and 906 tonnes of greenhouse gas emissions across the four stores. We intend to apply the lessons learnt from this trial to other stores as part of our Warehouse Administration Review project.

We have already begun increasing store level awareness of the benefits of conserving electricity through a training programme for area and complex managers which highlighted simple and effective controls that could be used to reduce operating costs and environmental impacts.



CURRAGH

We operate the Curragh open cut mine near Blackwater, 200 kilometres west of Rockhampton in Queensland's Bowen Basin which produces high quality coking coal exported to steelmakers and steaming coal supplied for domestic power generation. Sales of 6.9 million tonnes were above the previous year but earnings were below last year's due to lower coal prices and short term inventory effects. Production from the Curragh North coal resource is expected to begin ahead of schedule in the first quarter of next year. We employ about 280 people.

Overview

The main challenge facing our business on an ongoing basis is the safe operation of our mine 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 hydrocarbon management, monitoring water usage and issues associated with the integration of new resources into our operations.

Internal audits were conducted on all the hydrocarbon facilities on our site for compliance with legislation. An action strategy was implemented for all of these facilities to be upgraded and modified to the Australian Standard. This strategy is being implemented and managed by our operations department.

We continued monitoring our water usage during the year and this was presented on a weekly basis to senior management. Our water allocation is guaranteed for the

next 12 months, but if drought conditions continue it may have to be reduced.

The integration of our northern reserves continued with the completion of an Environmental Impact Statement and a draft Environmental Management Overview Strategy. We also negotiated the draft Environmental Authority for the proposed Curragh North Mine lease area. Community and Cultural Heritage consultation meetings were held with all relevant stakeholders. From these meetings we compiled a Supplementary Environmental Impact Statement, in response to stakeholder concerns, and negotiated a Cultural Heritage Investigation Management Agreement and a Cultural Heritage Management Plan with traditional owners and implemented those plans.

The two main safety areas on which we focused our attention during the year were upgrading of our "New Starter" induction package, together with completing and presenting our Five Year Refresher Training package, and upgrading the fire systems on draglines.

Dragline at the Curragh mine, Blackwater, Queensland.



LOST TIME INJURY FREQUENCY RATE

00	01	02	03	04
4.9	1.3	1.0	1.0	2.7

1 July 99 - 30 June 04 (as at 30 September 04)
*Permanent contractor hours and LTIs included



NUMBER OF WORKERS COMPENSATION CLAIMS

00	01	02	03	04
15	8	5	4	5



03

The Five Year Refresher Training package was completed in November 2003. The programme consists of a combination of PowerPoint presentation and video presentations. The "New Starter" induction was upgraded to a video/DVD and PowerPoint presentation. Components of the training package are now used in the New Starter induction.

Upgrading of the fire system on Dragline 304 commenced in March 2004 and was completed in August 2004. The Dragline 301 upgrade commenced in June 2004 and was also completed in August 2004.

As part of our ongoing rehabilitation programme, we reshaped 60 hectares of disturbed land and seeded the topsoiled area of 60 hectares that was reshaped last year.



BUSINESS MANAGEMENT

Training

ENVIRONMENTAL

The environmental induction presentation, which is integrated in our site induction programme for employees and permanent contractors, was upgraded during the year to reflect changes in legislation. A new induction film incorporating an environmental section was also completed.

HEALTH AND SAFETY

A Five Year Refresher Training programme commenced in November 2003. Topics covered included the Safety Management System, positive and effective isolation, fire safety and use of extinguishers, mine traffic rules, basic first aid/resuscitation, heat stress, manual handling, working at heights and Fitness for Duty (drugs, alcohol and fatigue). The programme was attended by 109 employees.

Five mine rescue personnel were trained to become height safety instructors. To attain the full instructor's qualification, they had to conduct courses for our employees and all five qualified.

An Occupational First Aid course was conducted on site for five warehouse and seven mine rescue personnel in October 2003.

Personnel who are required to work in confined spaces must have a current qualification. Confined space training courses and re-certification courses are conducted during the year as required.

2003 REPORT PRIORITIES

Implementation of an Environmental Management System.

Achieve zero LTIs.

Continue consulting with our employees to continually review and monitor the effectiveness of our Safety Management System.

Benchmark our Safety Management System with other industry leaders with the view to continually improving our system.

Review our contractor management procedures and develop partnerships.

Promote health and safety awareness to our employees and the community.

Further development of our Cultural Heritage Management Plan for all our operations.

Further development of our plans to integrate the northern resources into our existing operations.

Upgrade our environmental database.

04 ↓

OUTCOMES

Not achieved. The Environmental Management System is under development.

Not achieved. Three LTIs with an LTIFR of 2.7.

Achieved. Our General Manager addressed employees on matters including safety on a regular basis. Review groups discussed work procedures and made recommendations for change.

Achieved. Our Project Isolation Team reviewed other companies' isolation procedures and benchmarked our SMS against them.

Not achieved. We are currently reviewing our contractor management procedures to align them with our SMS.

Achieved. Monthly "Healthwise" magazine sent to employees' homes. Lectures given to employees and their families by Queensland Cancer Fund. Senior First Aid course conducted for employees and their families.

Partly achieved. A Cultural Heritage Management Plan was implemented for the Curragh North project. Approval to extend it to all other operations expected by December 2004.

Achieved. Several milestones achieved in the integration process.

Achieved. A full database system has been installed.

Members of the mine rescue team during an exercise.



CURRAGH



Queensland Cancer Fund representative Emily Morgan with, from left, Les Myers, Tim Woltmann, Ray Greenwood and Phil Krueger, participants at the men's health session.



Re-certification is required every 18 months. Twenty-two employees attended the re-certification courses and 10 employees completed the full course.

Courses covering risk management, accident investigation and communications were conducted for employees requiring supervisory skills and 22 attended this training during the year.

In May 2004, information sessions for male employees on prostate, skin and testicular cancers were conducted by the Queensland Cancer Fund. During the same week, a Ladies Health night covered topics including skin and breast cancers.

A two-day Senior First Aid course, conducted by St John Ambulance, was attended by three employees and 11 family members.

EMERGENCY

On 19 November 2003 we undertook a desktop exercise as part of our ongoing training programme for emergency and crisis management and which was designed to build on exercises conducted in 2002. The exercise tested our Crisis Management Team's (CMT) ability to respond to and deal with an external extortion threat and subsequent bomb explosion disrupting

mining operations. The exercise was successful in providing the CMT with a realistic environment and interaction with the police service.

A six member team placed ninth overall in the Australian Road Rescue Challenge in Melbourne in May 2004. A seven member team competed in the Townsville Mine Rescue Challenge in August 2003.

Compliance

ENVIRONMENTAL

We complied with all requirements under our Environmental Authority and we maintained our Queensland Environmental Protection Agency (EPA) performance Category Two status.

We relinquished two Exploration Permits for Coal (EPC 603 and EPC 571) during the year. Final rehabilitation reports were submitted to the EPA for the areas covered by these permits and the agency conducted audits as part of its sign-off process.

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

Work is underway as part of our Environmental Management Plan to bring hydrocarbon storage facilities up to current requirements and to incorporate into the mining lease an area where waste is discharged from the wash plant.

NATIONAL POLLUTANT INVENTORY (NPI)

Emissions notifiable under the NPI were estimated and data for the 2002/2003 reporting period was submitted to the EPA in August 2003. Detailed information is available at: www.npi.gov.au by searching for the "Curragh Mine" facility. All our substance emissions for last year were ranked by the NPI as "low". There was an increase in our exhaust emissions to air last year due to increased hours of operation and further expansion of our contractor pre-strip fleet.

HEALTH AND SAFETY

We are not aware of any 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. This shift is randomly nominated by the General Manager. Personnel attending site induction are also breath-tested. A total of 21,825 tests were conducted with 66 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 General Manager. The total number of tests carried out during the year at site inductions was 1,349, with 16 positive tests recorded. A total of 130 random drug tests were conducted and nine 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. Special projects, such as shutdowns, may have additional alcohol and drug screening.

An independent hygiene survey was conducted in April as required by our SMS. A cross section of our equipment was tested and problem areas identified for action.

LICENSING AND APPROVALS

All environmental licenses are current for our mine operations and draft versions of the Environmental Management Overview Strategy, Plan of Operations and the Environmental Authority have been signed off by the EPA as part of the process of obtaining the mining lease for the Curragh North project.

Management systems

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

The development of an Environmental Management System is currently being undertaken to integrate the new development areas into the existing operations. This is expected to be completed during the next reporting period.

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 and employee consultative and risk assessment processes.

OTHER/INTERNAL 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 on-line 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.

A Safety Perception and Fatigue Survey was conducted in May/June 2004. The survey results will be progressively presented to the workforce beginning in August 2004.

POLICY

Our Environmental Policy is displayed prominently in relevant places. The policy is reviewed each year.

Our Health and Safety Policy is distributed to personnel, including contractors, at induction and is displayed in prominent places throughout the workplace.



ENVIRONMENTAL

Air

DUST

We continue to measure dust fall within our local area. The region has experienced severe drought conditions for the past three years receiving only 54 per cent of average rainfall. In the past year we received about 60 per cent of our average annual rainfall.

In 20 out of 204 results, monitoring indicated levels above allowable dust limits, but we believe these could be impacted by factors other than mining activities on our site.

GREENHOUSE GAS EMISSIONS

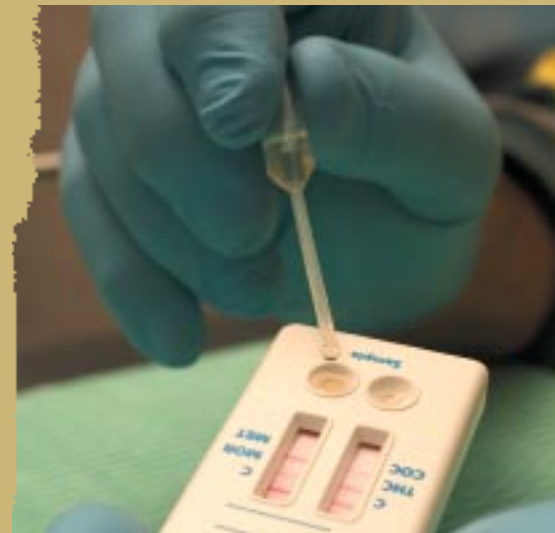
Our direct greenhouse gas emissions during the year from sources within our site boundaries and mining vehicle fuel use were estimated to be 336,956 tonnes of carbon dioxide equivalent, up 10 per cent on last year. This figure included 250,480 tonnes of methane (CH₄) emissions.

In addition, our indirect greenhouse gas emissions during the year from imported electricity were estimated to be 206,526 tonnes of carbon dioxide equivalent, up eight per cent on last year (see Figure 1).

The only other sources of greenhouse gas emissions of which we are aware are related to waste disposed off-site and fuel used by our small passenger vehicle fleet.

Our greenhouse gas emissions are largely due to electricity (approximately 71 per cent), diesel fuel (approximately 27 per cent) and explosives (approximately two per cent).

Our total (direct and indirect) greenhouse gas emissions per bank cubic metre equivalent (BCMeq) were estimated to be 5.12 kilograms of carbon dioxide equivalent, up eight per cent on last year.



Curragh's anti-drug policy includes testing of urine samples taken during employee induction and as part of regular random checks.



**FIGURE 1:
GREENHOUSE GAS EMISSIONS
(CO₂-e TONNES)**

● Diesel	81,749
● Electricity	206,526
● Explosives	4,728
● Fugitive	250,480



CURRAGH

NOISE

Blast noise levels and ground vibration levels were recorded during blasting operations in Pits A, F and G. All monitoring records are retained in the environmental database and all blasting was within our Environmental Authority limits.

OTHER EMISSIONS

We are not aware of emissions of ozone-depleting substances.

We have not yet prepared our report to the NPI for the 2003/2004 reporting period or finalised our data estimates. However, in 2002/2003, our three largest emissions were particulate matter (2,600,000 kilograms to air), oxides of nitrogen (NOx) (1,100,000 kilograms to air) and carbon monoxide (720,000 kilograms to air).

Water

CONSUMPTION

Our main use of water during the year related to the processes of coal washing and dust suppression during mining operations.

Our total water consumption for the year was estimated to be 4,693 megalitres, down 26 per cent on last year. Water used comprises purchased water (approximately 56 per cent) and reused/recycled water (approximately 44 per cent), see Figure 2.

Our total water consumption per BCMeq was estimated to be 44.2 megalitres, down 19.9 per cent on last year.

REUSE AND RECYCLING

A full water management system of 22 retention dams holds the water that is run off from the Coal Preparation Plant, pumped from the pit area or returned from the fine tailings pit. Water from the retention dams is used by the Coal Preparation Plant and for dust suppression on haul roads. Water fill points for trucks engaged in dust suppression are located at three of the retention dams. Each water truck has the capacity of 80,000 litres.

DISCHARGES TO SURFACE AND GROUNDWATER

We had no discharges of water to surface or groundwater during the year.

Waste

SOLID WASTE

We estimate our total solid general waste stream to be 2,303 cubic metres prior to compaction, up four per cent on last year. Of this amount, 54 per cent is recycled at a registered facility and 46 per cent is disposed of as landfill (see Figure 3).

Our total solid general waste disposed of to landfill per million BCMeq was estimated to be 10.6 cubic metres, down 0.3 per cent on last year.

Our hydrocarbon heavy grease and oily soil waste material is a regulated waste (as defined by the Queensland Environmental Protection Act) and, accordingly, it is disposed off-site to licensed facilities. This waste was estimated to be 84,965 kilograms, approximately equal to last year's recovered hydrocarbons (see Figure 4).

Our total hydrocarbon solid waste generation per million BCMeq was estimated to be 800 kilograms per million BCMeq which is the same as last year despite an increase in production.

LIQUID WASTE

Our liquid oil waste is a regulated waste (as defined by the Queensland Environmental Protection Act) and, accordingly, it is disposed off-site to licensed facilities.

Our total liquid oil waste was estimated to be 317,300 litres, up 36 per cent on last year due to greater machinery hours as a result of increased production. Of this amount 100 per cent is taken off-site to licensed facilities for recycling (see Figure 5).

FIGURE 2: WATER USAGE (MEGALITRES)

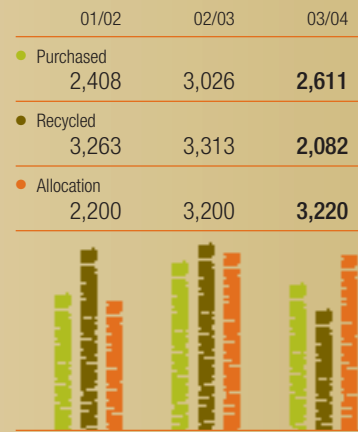


FIGURE 3: GENERAL WASTE VOLUMES (CUBIC METRES)

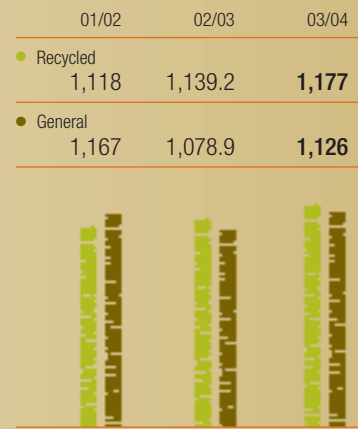


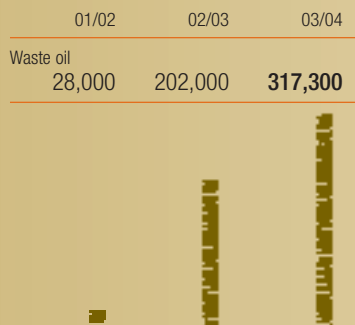
FIGURE 4: RECOVERED HYDROCARBONS FROM DRAGLINES (KILOGRAMS)



Kevin Smith and Sara Cooke downloading data at the erosion catch pits which collect run-off from rehabilitated areas.



FIGURE 5: WASTE OIL EXPORTED OFF-SITE (LITRES)



Our oil waste taken off-site for recycling was estimated to be 2,988 litres per million BCMeq, up 32 per cent on last year.

We have not included data on oil reused on-site in this year's report due to a meter malfunction. We will include this information again next year.

RECYCLING INITIATIVES

Engine coolant continued to be re-filtered and reused in the mobile equipment workshop when components were changed on major equipment.

We continued to reuse oil waste as a lubricant at the coal preparation plant.

Recovery of scrap steel totalled 868 tonnes, up about 12 per cent on last year.

Land

FLORA AND FAUNA

We continued flora studies on selected sections of the rehabilitated areas to monitor species emergence. The work is being undertaken by the University of Queensland's Centre for Mined Land Rehabilitation and will continue for another three years.

CONTAMINATION

Contaminated sites continued to be managed in accordance with the Environmental Protection Act, including regular monitoring. The contaminated sites include old waste dumps covered by spoil. The monitoring included ground water quality downstream of these sites.

Environmental management measures are in place so that further possible contamination and harm to the environment is minimised.

REHABILITATION

Since the 1983 start of mining, 3,740 hectares of land have been disturbed by mining and associated activities. Revegetation commenced in 1988 and 860 hectares (or 23 per cent of the disturbed land) have now been rehabilitated to care and maintenance levels.

During the year, 120 hectares of land were disturbed by mining and associated activities and 60 hectares were rehabilitated.

Resource use

ENERGY

Our main use of energy during the year related to the operation of our draglines, coal preparation plant and diesel operated equipment.

Total energy consumption was estimated to be 1,047,405 gigajoules, up 22 per cent on last year.

Our total energy consumption per million BCMeq was estimated to be 9,864 gigajoules, up 17 per cent on last year.

Our energy sources are detailed below.

FUEL

Diesel accounted for approximately 99 per cent of our total energy consumption by gigajoule. Our diesel consumption was 20,962 kilolitres.

ELECTRICITY

Electricity accounted for approximately one per cent of our total energy consumption by gigajoule. Our electricity consumption was 207 megawatt hours, up from 189 megawatt hours last year.

SAFETY AND HEALTH

LOST TIME

Our LTIFR was 2.7 (compared with 1.0 last year) and, during the year, there were three LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 12 (compared with 21 last year). These statistics include permanent contractor hours and injuries.

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

In December 2003 we awarded 16 employees for 20 years service without an LTI.

WORKERS COMPENSATION

There were five workers compensation claims reported, relating to occurrences during the year, compared with four last year.

Hazard and risk

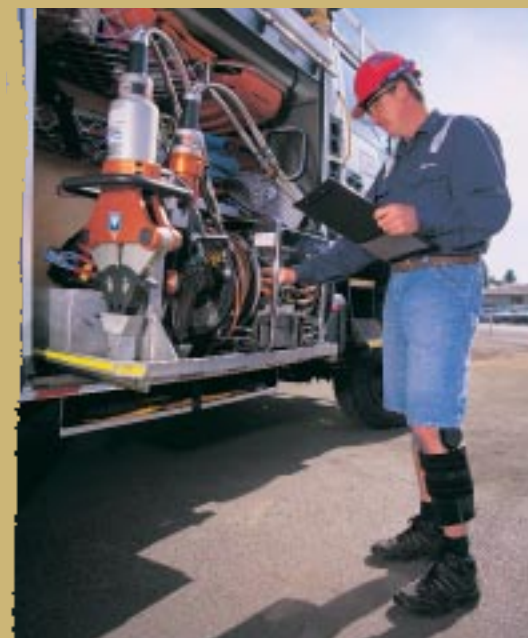
PROGRAMMES

Hazards are identified and assessed for risk and appropriate control mechanisms are put in place to ensure the health and safety of people at the mine. Appropriate training is provided so that employees have the necessary skills and knowledge to identify hazards and conduct risk assessments.

EMERGENCY RESPONSE

As outlined earlier in this report, a desktop emergency exercise was conducted to test our on-site emergency response and crisis management procedures.

The debrief and subsequent report outlined areas for improvement which will be incorporated into both the Emergency Response Procedure and Crisis Management Plan.



Alan Reid, on restricted duties, inspects the mine fire truck.



CURRAGH



Vicki Chopping receiving a flu inoculation from paramedic Ray Greenwood at the medical centre.



MATERIALS HANDLING AND STORAGE

The computer 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 completed a chemical audit in January 2004 in accordance with our SMS.

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 79 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 both work and non-work related sprains and strains as well as assessing workstations and tasks.

COMMUNITY

STAKEHOLDERS

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

During the year the mine's community contact programme was further developed through an open day which attracted over 1,100 people.

COMPLAINTS

No complaints were received by us and we have not been advised of any complaints to the EPA.

LIAISON WITH AUTHORITIES

Our site management personnel continue to liaise with the relevant authorities which include the EPA and the Department of Natural Resources and Mines for mine site operations.

COMMUNICATION

Our intranet site can be used by employees to access the SMS and SOPs. Job safety analysis, work instructions and work procedures are being added to the site. Safety forms taken from the SMS are included on the intranet for ease of access.

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 General Manager at safety meetings and on notice boards.

To promote health and safety awareness among the children of our employees, the Community Projects Officer talked to children at the local primary school. After the talks, the children were asked to draw a message for their parents on a tile. These tiles have now been attached to our Children's Safety Wall which is located at the entrance to the mine site. All people entering the mine from the car park walk past the wall.

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.

COMMUNITY SUPPORT

During the year we supported more than 46 community organisations and events. These included health, sporting, education, community and cultural activities.

RESEARCH

We continue to support several industry research projects through the Australian Coal Association Research Programme. We have participated in the rehabilitation erosion project for the past 10 years and we are committed to continuing this project with ongoing financial and in-kind support.

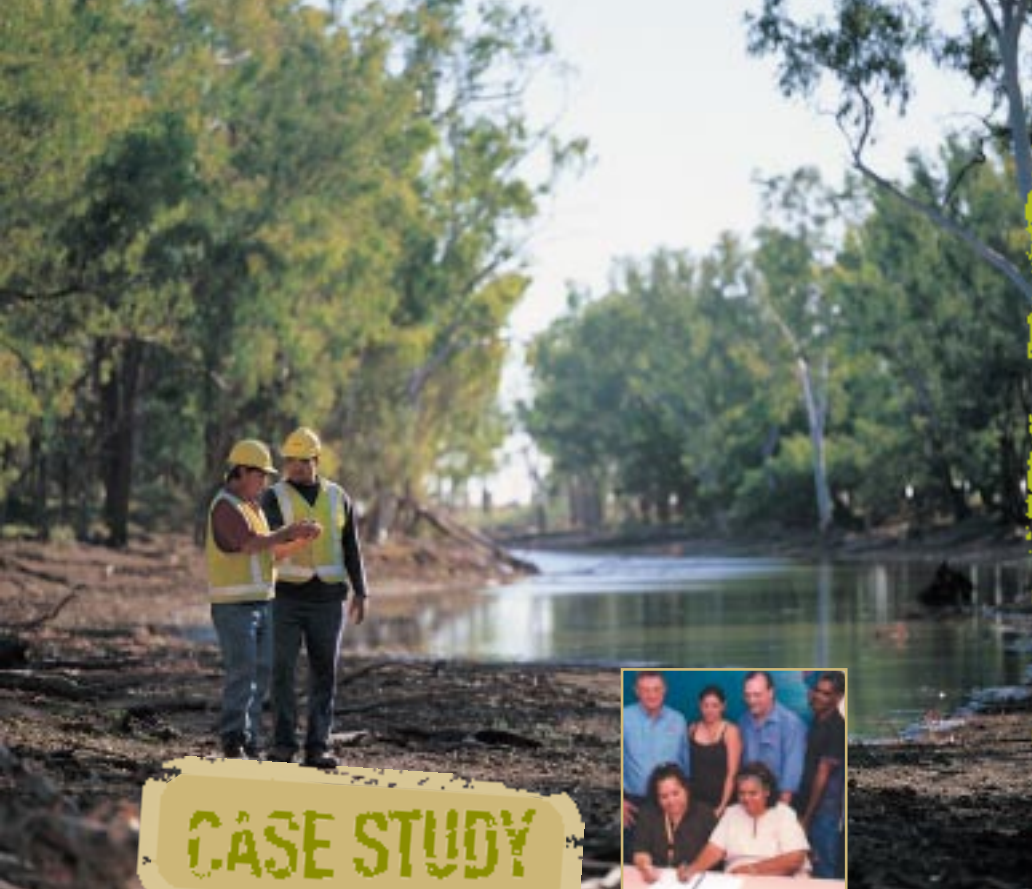


Jasmine Weeden at the "Our Kids Safety Messages" display.



PRIORITIES FOR THE FUTURE

- ↘ IMPLEMENTATION OF AN ENVIRONMENTAL MANAGEMENT SYSTEM.
- ↘ ALL HYDROCARBON STORAGE FACILITIES BROUGHT UP TO CURRENT REQUIREMENTS.
- ↘ FULLY INTEGRATE THE ENVIRONMENTAL MANAGEMENT OF CURRAGH NORTH INTO OUR SYSTEMS.
- ↘ ACHIEVE ZERO LTI.
- ↘ INTRODUCE A NEW SAFETY CULTURE PROGRAMME.
- ↘ CONTINUE TO PROMOTE HEALTH AND SAFETY AWARENESS TO OUR EMPLOYEES AND THE COMMUNITY.
- ↘ HELP ESTABLISH A MULTI-DISCIPLINARY COMMUNITY HEALTH CENTRE IN BLACKWATER.
- ↘ DEVELOP OUR OWN CONFINED SPACE TRAINING PROGRAMME.



CASE STUDY



The strengthening of relationships with the traditional owners of the area was a very important part of planning for our new northern coal resource.

The Ghungalu and Kangoulu peoples relocated to missions and settlements elsewhere in Queensland as a result of government policies in the early to mid 20th century.

In early 2003 we began a process of negotiation with representatives of the two groups to discuss how the planned development of Curragh North might affect their traditional lands. Meetings were held in Brisbane and Rockhampton and in November 2003 about 30 elders visited the area. They were shown the mine development plans and what areas were likely to be disturbed.

The negotiation of a Cultural Heritage Investigation and Management Agreement was followed by an investigation of the extent of the traditional owners' interests and finally the signing of a Cultural Heritage Management Plan covering ongoing activities, including designated areas that would not be encroached on as part of the mine's development.

Inset: Signing the Cultural Heritage Management Plan for the Curragh North development. Rear left to right: Kevin Smith, Kim Dale, Lloyd Jensen, Cliff Kina. Front left to right: Margaret Kemp, Edna Van Hemmen.

Main picture: Surveying cultural values in the Curragh North area.



Our approach was one of respect for the rights of the Ghungalu and Kangoulu peoples and a desire to make the process as inclusive as possible. The handling of the negotiations was praised by representatives of the traditional owners who attended a workshop in Rockhampton in April 2004 organised by the federal Department of Industry, Tourism and Resources.



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 nearly 3.4 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.

Overview

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

In dealing with these challenges, the three main environmental areas on which we focused our attention during the year were rehabilitation of disturbed land, noise management and greenhouse gas emissions.

No additional land was disturbed by mining and associated activities and 22.1 hectares were rehabilitated. A major highlight for the year was winning the prestigious national Banksia Award for Sustainable Development Leadership in the Minerals Industry for our sustainability planning, management systems and rehabilitation of former mined areas.

The management of noise remained a key focus area with compliance difficult to quantify.

Our total (direct and indirect) greenhouse gas emissions were estimated to be 63,484 tonnes of carbon dioxide equivalent, down seven per cent on last year.

The two main safety areas on which we focused our attention during the year were risk assessments and our Fitness for Work education programme.

We conducted risk assessments for the prevention of falls from height and traffic management.

The Fitness for Work policy was approved in February 2004 and our consultative committee progressed changes to draft procedures dealing with drug and alcohol and fatigue management.

BUSINESS MANAGEMENT

Training

ENVIRONMENTAL

Environmental training is conducted at induction of new employees, visitors and contractors. In addition, our employees have undergone a five-hour environmental awareness training programme and do other job-specific environmental training.

HEALTH AND SAFETY

Health promotion continued to be a priority in anticipation of a full implementation of

A new dump truck at the Premier mine.



LOST TIME INJURY FREQUENCY RATE

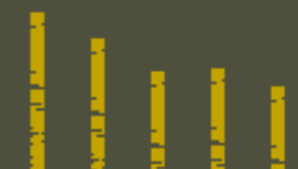
00	01	02	03	04
17.1	20.8	6.4	0.0	7.0

1 July 99 - 30 June 04 (as at 30 September 04)
*Contractor hours and LTIs included



NUMBER OF WORKERS COMPENSATION CLAIMS

00	01	02	03	04
71	60	45	47*	41



* We reported a figure of 46 in this report last year, but a claim relating to last year was received late in 2003.



Premier Coal

www.premiercoal.com.au

03

2003 REPORT PRIORITIES

the Fitness for Work regime and as part of ongoing fatigue management awareness. Prevention of manual handling injuries continued with all new people coming to site instructed in correct manual handling techniques through our induction process. We also used a physiotherapist to train new apprentices in manual handling and assess workstations for some individuals who were experiencing discomfort or strain-related pain.

Education sessions were conducted on alcohol and its effects, risks, testing, and self-assessment, followed by sessions on cannabis and other illicit drugs. These were conducted by the Western Australian Public Health Department's south west region alcohol and drugs programmes coordinators. We also conducted a similar session on alcohol, drugs and fatigue at a venue in Collie for partners of employees and the broader community.

We 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.

Our Fitness for Work regime implementation is continuing in consultation with our employees and union representatives. We have completed education on fatigue, lifestyle and shiftwork, as well as alcohol and other drugs. An overall Fitness for Work policy has been approved and procedures are being revised.

Free influenza shots were offered to employees. Fifty employees (18 per cent of our workforce) had the inoculations.

We reviewed and implemented a revised general safety induction training presentation, the safety induction handbook and assessment for employees, contractors and visitors.

Training was conducted for our new and existing apprentices in manual handling and back care, including risk identification, assessment and control.

A review of our general safety induction was completed and a presentation was developed for use by supervisors. The induction content encapsulates all topics covered in the previous system and now includes evaluating hazards and assessing risks as well as personal safe working behaviours. An assessment of knowledge and understanding has also been developed

Full environmental compliance.

Annual rehabilitation of at least the equivalent of land we clear for mining.

Value-added rehabilitation and mine closure outcomes.

Ensure focus on any community issues or concerns with our operations.

Review our EMS for improved integration with other business systems and to achieve simplification where possible.

Further reduction in greenhouse gas emissions.

A target of zero accidents.

Assess compliance with AS NZS 4801-2001 Occupational Health and Safety Management Systems and improve RiskMap safety system where appropriate.

Review our safety standards and auditing.

Complete the Fitness for Work regime implementation.

as part of the process of allowing contractors and new employees access to site. Department-specific safety inductions and pit vehicle driver permit procedures will be reviewed in the coming year.

Training in prevention of falls from height commenced following the height safety risk assessments. Approximately 85 per cent of all maintenance employees had completed training by mid-August 2004.

We participated in the MineSafe International 2003 mining safety and health conference and workshops in October 2003.

04 ↓

OUTCOMES

Achieved, but compliance with noise requirements remained difficult to assess.

Achieved. No land was cleared and 22 hectares were rehabilitated.

Achieved. Our work was recognised with the Banksia Award (see Case Study).

Achieved. We continued with the Stakeholder Consultation Group and other community meetings programmes.

Achieved. New versions of our EMS and environmental awareness booklets were completed.

Achieved. 63,484 tonnes of carbon dioxide equivalent, down seven per cent on last year. However, the emission rate per BCMeq was up 10 per cent on last year due to reduced overburden removal.

Not achieved. We had four Lost Time Injuries (LTIs), 26 medical treatment injuries and 56 first aid cases.

Achieved. An external audit was conducted with recommendations for improvement in a number of areas for compliance with AS NZS 4801-2001.

Partly achieved. A review of some of our safety standards and auditing was conducted, including a new standard for risk assessment and a new draft standard for working at height.

Not achieved. The Fitness for Work policy was approved, but procedures are yet to be implemented. Education sessions were conducted on drug and alcohol awareness and general fitness, health and fatigue issues.

EMERGENCY

Our Crisis and Emergency Management procedures were tested successfully with a live practice scenario conducted on 7 January 2004. The scenario involved a hypothetical coal plant emergency with casualties and property damage. The objective of the exercise was to test our internal and external responses. External emergency service and internal emergency and crisis response teams were deployed. Overall the emergency was handled with care and efficiency, but some opportunities for improvement were identified. Our Emergency and Crisis Management

PREMIER COAL

Procedures manual was updated to reflect the opportunities for improvement identified during the practice scenario. A further exercise is planned for later in 2004.

We maintained a level of first aid response skills amongst our employees by making first aid courses available during work hours. We conducted four on-site one-day basic workplace courses training a total of 24 people and sent five employees to off-site occupational first aid courses. The total number of people with current first aid qualifications stands at 54 (18 per cent of our workforce).

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 stands at 12 with two new team members starting in recent months. For existing members we conducted a two-day team leader's training course involving our team, the Muja Power Station Emergency Team and the SIMCOA Emergency Response team. As the team members are spread across all shifts, the purpose is to ensure each member can assess, lead and control an emergency for any given shift configuration or call on off-shift team members or other organisations to assist.

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, rescue from height, depth and confined space. Part of our training routine also requires regular checks of all emergency and fire fighting equipment.

We met with the Collie Local Emergency Management Action Committee (LEMAC) as part of an annual review of the Collie LEMAC 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 alarms or faults back to our Pit Controller. This year we upgraded the fire evacuation system for our maintenance area to enable mine rescue team members to be automatically called through a voice system activated from either the maintenance supervisor's desk or pit control.

The emergency evacuation system was upgraded in our administration building to enable the evacuation signal to be heard outside the building and to include a public address system for emergency communication.

Compliance

ENVIRONMENTAL

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

We fully complied with licence conditions and management plans covering water, dust, blasting, forest management, clearing and rehabilitation.

The management of noise remained a key focus area with compliance difficult to assess in part because of multiple noise sources. The application to increase the existing noise allowance progressed and came into effect on 30 June 2004. The application was subject to one appeal which was subsequently withdrawn. We are confident that we will be able to confirm compliance with the increased noise allowance next year.

NATIONAL POLLUTANT INVENTORY (NPI)

Emissions notifiable under the NPI were estimated for substances listed on the NPI. Data for the 2002/2003 reporting period was submitted to the Department of Environment (DoE). Detailed information is

available at: www.npi.gov.au. All our substance emissions for last year were ranked by the NPI as "low".

We have not yet prepared our report to the NPI for the 2003/2004 reporting period, but we expect our levels of pollutants to have decreased along with reduced overburden removal and the consequent reduction in energy use. Most emissions were either from the use of diesel or dust generated from wind, vehicle and overburden movement, coal processing and blasting.

HEALTH AND SAFETY

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

An inspector from the Department of Industry and Resources (DoIR) conducted an "Emergency Plan" audit of our site on 12 May 2004. A score of 77 per cent was given and feedback by the inspector indicates that we are compliant with the department's audit format and have most of the elements for a good emergency plan in place.

The District Inspector of Mines addressed our Occupational Health and Safety Committee on the duty of care provisions of employees, employers and contractors under the Mines Safety and Inspection Act 1994.

We operate and comply with the requirements of the Mines Safety and Inspection Act 1994 and Mines Safety and Inspection Regulations 1995. During the year inspectors from the DoIR visited us and raised a query regarding our heavy machinery traffic control signage. This was satisfactorily resolved as we had assessed our mine traffic risks and use a common mining safe working procedure called the "priority rule" that sets out right-of-way rules for traffic interaction.

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

All existing and new mine rescue team members were medically and physically assessed and considered fit to continue as team members to the requirements of the DoIR.

We maintained communication and consultation through 10 elected safety and health representatives on our Occupational Health and Safety Committee.



Kiel Ferguson, Keith Davies and Jason Gotte during a fire training exercise.





Dennis Ellis-Smith attaching new caged crates, specially designed to lift multiple gas cylinders, to a crane.



We audited our safety system standards, confined spaces procedures and height safety procedures. We have addressed all issues arising from these audits.

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

Under the Explosives and Dangerous Goods Act 1961 we continued to maintain a single licence for our storage of hazardous materials and dangerous goods. We have a comprehensive emergency management plan as required by this licence.

We maintain a compliance register of statutory approvals, appointments and licences for specific functions under various legislation covering our operations.

Management systems

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.

During the year, a specialist was engaged to conduct an independent review of the system with a view to simplification. This resulted in the removal of 53 of the original 88 documents, resulting in a more procedures-based system. After this was completed, our first external surveillance audit was conducted resulting in ongoing certification. A number of "areas of concern" were identified as needing to be addressed through our corrective actions procedure. The audit report noted strong conformance with system requirements for environmental performance monitoring and reporting, management of blasts to minimise noise and vibration impacts on neighbours despite mining moving closer to them and environmental inductions and awareness programmes. The report recommended further work in reviewing the dust-monitoring programme against the requirements of AS/NZS 3580.9.3:2003, managing controlled documents and more clearly referencing procedures managed outside of the environmental group in the system procedures.

Auditing of environmental procedures continued, as did monthly environmental reviews of the site.

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

The 2002 independent triennial compliance audit for the Minerals Industry Code showed that we perform at the highest average level for all signatories.

SAFETY MANAGEMENT SYSTEM (SMS)

Our SMS is the RiskMap Safety Management System made up of 67 standards.

Inspection systems have been developed and form part of the weekly routines of our operations departments.

Our Occupational Health and Safety (OHS) committee meet monthly and review a range of topics, programmes and issues. Other committees such as the Production Safety Review group and the Maintenance Safety Review group meet approximately every four weeks to review and plan their respective area's safety and health activities.

A new regular administration safety meeting group has been formed from those who work in the administration and supply buildings and areas. Meetings are scheduled to be held monthly to provide feedback and a forum on safety issues for those who are based in these areas. Any issues that are not resolved at this group will be referred to the OHS committee.

POLICY

Our Environmental Policy and Safety and Health Policy remained in place. The Environmental Policy was reviewed during the annual EMS review process. It is available on our website at www.premiercoal.com.au.

Environmental management remained one of our highest priorities and we promoted the development of policies, programmes and procedures for conducting operations in an environmentally-sound manner. Our guiding policy principle is to take responsibility for minimising the impact of our operations on the environment and we acknowledge our accountability to all stakeholders. Information about our environmental performance is made available to stakeholders.



Gary Giblett in the simulator used to train truck drivers.



PREMIER COAL



Premier Coal has encouraged local schools' environmental initiatives through the provision of worm farms, composting tumblers and recycling bins such as this one at Amaroo Primary School.



ENVIRONMENTAL

Air

DUST

There were no dust complaints this year.

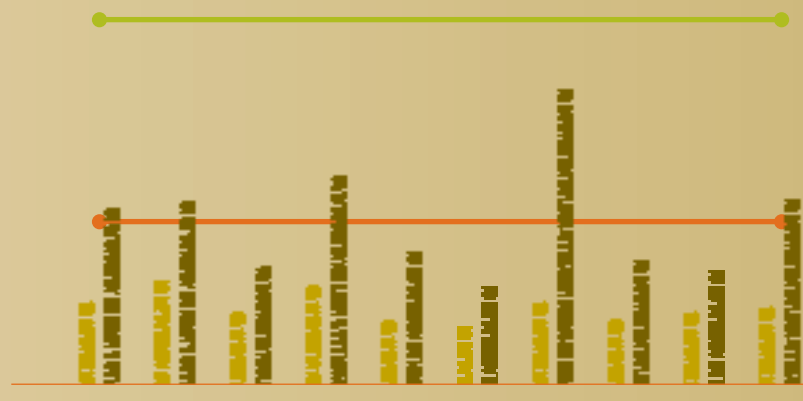
Dust at our mine is mainly generated on roads, dumps and cleared areas and is only a potential problem during the drier months of the year. Accordingly, monitoring is only necessary at those times. Results from our monitoring site include dust from the minesite and external sources. They are annualised, 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 38.2 microgrammes per cubic metre, up slightly on last year and the daily maximum of 101.3 microgrammes per cubic metre, up due to a source external to our operations (see Figure 1).

Management strategies included minimised clearing and rapid rehabilitation when possible, tar sealing major road arteries and application of water to suppress dust on roads and operational areas.

FIGURE 1: DUST MONITORING (MICROGM/M³)

	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
• Daily average (allowable 90microgm/m ³)	42.9	52.8	34.3	48	28.7	27.6	39.6	29.9	33.2	38.4
• Daily max (allowable 260microgm/m ³)	93.7	97.1	58.4	112.2	69.3	47.9	162.3	63	59	101.3



ODOUR

Spontaneous combustion of coal occurs periodically in the mine and can cause an unpleasant odour but there were no complaints this year.

GREENHOUSE GAS EMISSIONS

We are a participant in the Commonwealth Government's Greenhouse Challenge programme and have signed a Cooperative Agreement through to 2005. As part of our participation, we submitted our 2002/2003 report during the year.

Our direct greenhouse gas emissions during the 2003/2004 year from sources within our site boundary and vehicle fuel use were estimated to be 39,629 tonnes of carbon dioxide equivalent, down 12 per cent on last year.

In addition, our indirect greenhouse gas emissions during the year from imported electricity were estimated to be 23,855 tonnes of carbon dioxide equivalent, up 2.7 per cent on last year.

The only other source of greenhouse gas emissions of which we are aware is related to burning of residual forest waste after harvesting in the clearing process and as we are unable to reliably estimate the quantity of these emissions we cannot estimate associated greenhouse gas emissions. Consequently, we have also not included carbon credits associated with our rehabilitation of cleared land.

Our greenhouse gas emissions were largely due to diesel usage (approximately 61 per

cent) and electricity consumption (approximately 38 per cent).

Our total (direct and indirect) greenhouse gas emissions per bank cubic metre equivalent (BCM_{eq}) were estimated to be 3.28 kilograms of carbon dioxide equivalent, up 10 per cent on last year due to reduced overburden removal (see Figure 2).

In this report last year we calculated greenhouse gas emissions using emissions factors from an out-of-date version of the Australian Greenhouse Office (AGO) Factors and Methods Workbook. Whilst this provided a consistency in emission factors used by us year-to-year, it is not how the AGO requests calculations be done and it has in fact resulted in a slight overstatement of our greenhouse gas emissions in previous years. Calculations for this year, and for last year where comparisons are made in this report, have been done in accordance with the latest version (3 March 2003) of the AGO Factors and Methods Workbook.

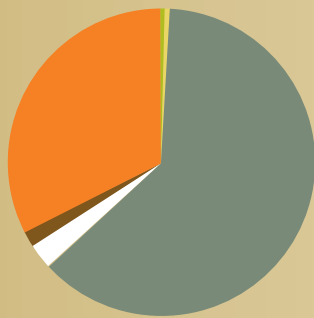
NOISE

There was one complaint during the year for general mine noise. Our equipment noise levels have not increased, even though the operations have moved closer to our neighbours at Buckingham.

Blasting improvement strategies continued to deliver a strong performance and we were able to achieve a low triggered blasting level average of 102dB(L), with no blast exceeding the legal limit of 125dB(L) (see Figures 3 and 4).

FIGURE 2: TOTAL CO₂ EMISSIONS BY SOURCE (TONNES)

	02/03
Electricity	22,133
LPG	102.6
Petrol	106.1
Diesel	39,889.6
Spontaneous combustion	1,416
Explosives	414.1



The highest recorded blast was 118.8dB(L) while 98.4 per cent of the blasts were below 115dB(L). There was a two per cent increase in the total number of blasts to 559 and the number of blasts not triggering the monitor, set to trigger at 115dB(L), increased by seven per cent. The blasts triggering the monitor were largely at the eastern end of Pit 1 which is closer to the monitor and our neighbours at Buckingham.

There were four complaints for blasting on our site for blast levels ranging from 103.7dB(L) to 109.9dB(L).

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

OTHER EMISSIONS

We are not aware of emissions of ozone-depleting substances.

As previously mentioned, we have not yet prepared our report to the NPI for the 2003/2004 reporting period. However, in 2002/2003 our three largest emissions were particulate matter (1,400,000 kilograms to air), oxides of nitrogen (520,000 kilograms to air) and carbon monoxide (230,000 kilograms to air).

FIGURE 3: PREMIER MINE BLASTING BUCKINGHAM MONITOR

	95	96	97	98	99	00	01	02	03	04
Total Numer	70	165	262	271	261	349	477	596	547	559
Not triggered	27	49	149	191	197	297	299	443	353	377
Number <115	64	149	242	261	254	343	455	586	541	550
% <115dB(L)	91.4	90.3	92.4	96.3	97.3	98.3	95.4	98.3	98.9	98.4
Average dBL	110	106	106	106	101	102	102	101	104	102

FIGURE 4: PREMIER MINE BLASTING

	Buckingham	Griggs
<125dB(L)	100%	100%
<120dB(L)	100%	100%
<115dB(L)	98.4%	100%
Ave dBL when triggered	102	114
Total blasts	559	559
Not triggered	377	558

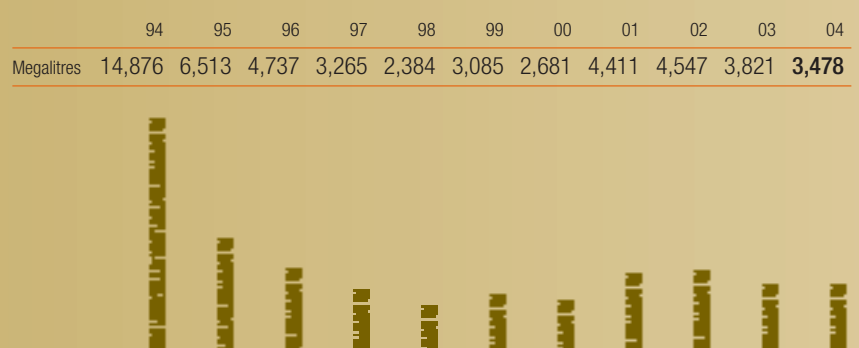
WATER

Dewatering is required for safe and efficient mining in the Collie Basin.

All groundwater abstraction, a part of the dewatering process, is licensed and monitored. During the year, 9.5 megalitres per day were pumped with a total abstraction of 3,478 megalitres (see Figure 5), down nine per cent on last year. Of this total, 2,953 megalitres was sent to local power stations – the major users in the area – thus helping to reduce overall abstraction 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.

FIGURE 5: WATER ABSTRACTION



CONSUMPTION

Our main use of water during the year related to dust suppression (94 per cent of abstraction used by us) and process water (5.5 per cent).

We estimated our total water consumption for the year to be 525 megalitres, down 12 per cent on last year.

Our total water consumption per BCMeq was estimated to be 27 litres, up four per cent on last year.

Our only water source was groundwater abstracted through bores.

REUSE AND RECYCLING

In the maintenance and fuel bay area we have a Dissolved Air Flotation (DAF) plant installed to treat run-off and vehicle wash down waters if required. The flotation system remained off-line during the year as the silt traps and oil skimmers produced adequate quality water.

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

PREMIER COAL

FIGURE 6: WATER DISCHARGE

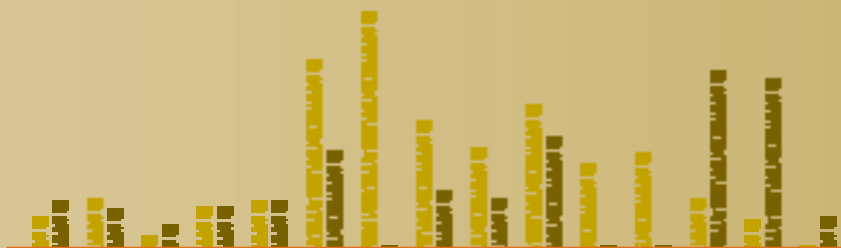
	94	95	96	97	98	99	00	01	02	03	04
Megalitres	5,456	3,351	2,274	556	98	612	0	0	0	0	0

FIGURE 7: WATER QUALITY

	98	99	00	01	02	03	04
pH	3.5	3.9	4.06	3.75	3.7	3.4	4.0
Fe	0.6	1.8	1.93	3.65	10.6	16.96	1.47
Total BCM equivalent	21.10	23.45	32.2	32.26	28.26	22.88	19.31

FIGURE 8: REHABILITATION (HECTARES)

	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04
● Clearing	22	44	2	36	41	211	269	129	104	156	87	99	44	21	0
● Rehabilitation	42	33	14	34	41	104	0	50	38	116	0	0	192	187	22.1



DISCHARGES TO SURFACE AND GROUNDWATER

We were licensed to discharge water off-site to the environment, but again we did not do so during the year (see Figure 6). Despite the zero discharge, we continued to monitor adjacent river systems and maintained a computer database and management system for water quality, (see Figure 7) abstraction, discharge and regional waterway monitoring.

Overflow from Sump A was 814 megalitres with a further estimated 98 megalitres diverted around the sump during maintenance. This flow was captured in the WO-5H void as part of the rapid fill programme.

Waste

SOLID WASTE

Our total solid general waste stream (not including scrap metals and tyres which are separated for recycling) was estimated to be 718 cubic metres prior to compaction, essentially the same as last year. Of this amount, 45 per cent (down one per cent on last year) was recycled and 55 per cent disposed of as landfill. Recycling efficiency

for general waste improved by one per cent to 89 per cent, just short of our target of 90 per cent.

Our total solid waste to landfill per million BCMeq was 37 cubic metres, up six per cent on last year.

LIQUID WASTE

Hydrocarbons were our main liquid waste and these were captured by evacuation systems or the DAF plant. This waste was transported to a local recycling plant where it was used mainly in the production of low-grade oils or fuel oil. A total of 209,200 litres was recycled, up seven per cent on last year. Oil filters were also taken for recycling.

Our total hydrocarbon waste capture per million BCMeq was 10,836 litres, up 27 per cent on last year.

RECYCLING INITIATIVES

As noted above, our main waste streams - including used oils, metal scraps, cardboard, paper, tyres and batteries - were all recycled.

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

to help drive the Collie Tidy Towns Programme which was successful in winning the state Tidy Town Award for 2003 and the Australian Environmental Innovation Award.

Land

FLORA AND FAUNA

Protection of surrounding forests remained a priority and clearing operations were minimised as much as possible.

Prior to clearing, operational areas are mapped to determine dieback boundaries. Our procedures for clearing, topsoil removal/replacement and land rehabilitation minimise the risk of spreading jarrah dieback. 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. Habitat logs are placed in rehabilitation areas to promote recolonisation of native fauna. Regular inspection and permanent monitoring plots identify improvement opportunities and ensure successful uptake.

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. Research continued to assess the suitability of birds as bio-indicators of rehabilitation success. Research into success factors for the rehabilitation process was completed and a final report is expected next year.

CONTAMINATION

No significant site contamination has been identified.

REHABILITATION

Since the 1950 start of mining, 2,618 hectares of land have been disturbed by mining and associated activities. Revegetation commenced in 1975 and 1,232 hectares (or 47 per cent of the disturbed land) have now been rehabilitated.

During the year, no additional land was disturbed by mining and associated activities and 22.1 hectares were rehabilitated (see Figure 8).

Successful rehabilitation work requires the careful planning and interaction of numerous processes. A key to our 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.

Rehabilitation at the closed Western 5 mining area in the Cardiff Sub Basin continued with 30 hectares undergoing shaping to slopes of around 10 degrees in preparation for capping, topsoiling and installation of contour drainage.

In-fill planting at Western 5B was undertaken with seedlings raised by the local Aboriginal Ngalang Boodja Nursery. Local school children assisted as part of National Tree Day.

Rapid fill of the WO-5B void continued with the programme designed to increase safety and enhance the final rehabilitation outcome. A further 3,976.8 megalitres of water were diverted raising the lake level by 3.8 metres – to just one metre short of full. Evaporation and leakage resulted in a net rise of three metres. Diversion has assisted acidity control considerably and it is expected that, when full, the void will stabilise at above 5pH – an acceptable level for active water sports. This programme has 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 will have a surface area of 103

hectares and should be well suited to water sports such as skiing and rowing. The potential economic development is currently subject to a detailed study and design by the Lake Kewari Working Group.

Any recreational development in this area will complement the Collie Motorplex which is now an established driver-training and club motor sports centre. Based at the former Western 2 underground mine site, the Motorplex has successfully built upon existing mine infrastructure including workshops, other buildings and an extensive road network suitable for racing and training.

Rapid fill of the WO-5H void also continued with the level raised a further 3.7 metres, compared with a rise of 3.2 metres last year. However, the temporary use of the lake as a water source for Western Power over summer and the effect of evaporation and leakage resulted in little net rise. New research at this site into aquaculture as a relinquishment option began to further assess economic viability and test a new fluidised bed limestone treatment system.

Resource use

ENERGY

Our main use of energy during the year related to diesel for mobile plant and electricity for pumps, shovels and lighting.

Total energy consumption was estimated to be 612,988 gigajoules, down six per cent on last year.

Our total energy consumption per million BCMeq was estimated to be 31,753 gigajoules, up 11.8 per cent on last year.

Our energy sources are detailed below.

FUEL

Petrol and diesel accounted for approximately 87 per cent of our total energy consumption by gigajoule. Our petrol and diesel consumption was 43.5 kilolitres and 13,797 kilolitres, respectively.

ELECTRICITY

Electricity accounted for approximately 13 per cent of our total energy consumption by gigajoule. Our electricity consumption was 21,445 megawatt hours.

GAS

LPG accounted for less than one per cent of our total energy consumption by gigajoule. Our LPG consumption was 67.2 kilolitres.

OTHER MATERIALS

Explosives were a major consumable with 2,390 tonnes used during the year, an increase of 32 per cent on last year. The increased use of explosives reflected an effort to improve shovel efficiencies by blasting.

The overall powder factor increased from 0.15 kilograms per BCM last year to 0.19 kilograms per BCM this year, a 27 per cent increase. Powder factor is the ratio of the weight of explosives used to blast a unit of material.

SAFETY AND HEALTH

LOST TIME

Our LTIFR was seven (compared with zero last year) and, during the year, there were four LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 18.5 (compared with zero last year). These statistics include contractor hours and injuries.

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

After an LTI-free year last year, we continued into this year with a record total of 425 consecutive days LTI-free. We arranged for all our employees and contractors to celebrate this achievement with our senior management. Our Production Department achieved a record 774 days without lost time injury to March 2004, bettering their previous record of 174 days.

All safety incidents were discussed at a weekly Hazard and Incident Review meetings to ensure investigations and follow-up actions are completed.

WORKERS COMPENSATION

There were 41 workers compensation claims reported, relating to occurrences during the year, compared with 47 last year.

A regular review of all injury claims was conducted with our insurers to assess progress on outstanding claims and any injury rehabilitation plans. On-site injury management clinics were 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.

↓
University student Tristan Derham checking water monitoring equipment on a rehabilitated open cut mine site.



PREMIER COAL

Hazard and risk

PROGRAMMES

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 Human Resources Information 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 has been developed using a rating system that identifies extreme and high-rated risks and for control and reduction of each identified hazard.

Departmental safety audits are conducted on a regular basis.

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.

MATERIALS HANDLING AND STORAGE

A register of hazardous substances and dangerous goods is maintained and audited 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 the Chem Alert Material Safety database.

RISK ASSESSMENT

We updated our RiskMap Safety Standard Risk Assessment to improve the risk rating matrix. This allows the value of the likelihood and consequences to be numerically rated for ease of prioritising all our identified risks, so that the risks can be addressed in order of priority under a risk reduction plan.

We conducted a comprehensive risk assessment and control process for our production area's haulage traffic management system. This was a team-based approach aimed at eliminating any areas of concern where heavy vehicles and smaller vehicles interacted. There have been no significant incidents, but traffic interaction has some significant inherent risks which need to be clearly identified. Some 42 intersections have been assessed and most have been assessed as having a low risk. Eight high priority risks were identified and controlled through effective risk reduction and control methods. A risk management plan was developed and reviewed by the OSH committee with a copy forwarded to the DoIR.

Another major risk assessment process conducted was for the prevention of fall of persons from height. There have been no significant incidents, but our maintenance personnel regularly conduct their work at height on heavy machinery and plant. Again, a team-based risk assessment process was conducted involving supervisors and safety and health representatives from the maintenance department. Training began on height safety issues and feedback has been received from employees exposed to these risks.

We also completed risk assessments of our main access road into the mine, as well as the South Shotts River Road access as construction on the Coal Handling Plant nut coal extensions began.

A review process and risk assessment commenced on the relocation of the production offices and heavy machinery parking area and future administration of heavy vehicles in-pit for operator shift changes and breaks. Further sessions



Steam locomotives operating at Whiteman Park, Western Australia, are powered by coal donated by the Premier mine.



will be conducted to finalise the selected arrangements and to assess any other requirements.

EMPLOYEE WELLBEING

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

Our health promotion during the year continued focusing on strain injury prevention, our Fitness for Work policy, weight loss and a smoke-free environment. Blood pressure, cholesterol and diabetes checks were also offered as part of the federal government's awareness campaign on adult diabetes.

The HealthMap medical and fitness assessment programme continued to be offered to employees involving local medical practitioners and a physiotherapist providing free confidential "snapshot" reports of health status. Employees can either attend the HealthMap sessions on site or visit their own doctor. 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



Halina Spice checking Bill Clazie's blood pressure at the mine's occupational health facility.



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.

Diabetic risk assessments were conducted for operators.

As part of National Diabetes Week we arranged for a series of health awareness sessions aimed at men's health and a series of education sessions on lifestyle, particularly weight control, nutrition and exercise.

We commenced issuing a small publication called 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 and non-government agencies, the local Collie community, local schools, and the shareholders of our parent company, Wesfarmers Limited.

FEEDBACK/COMPLAINTS

We received five complaints for the year, down from 11 last year. Four concerned blasting and one related to general mine noise.

We respond to all complainants in writing and, for more serious issues raised, we conduct an internal investigation.

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.

The DoIR District Inspector of Mines visited the mine and met statutory managers, safety and health representatives, and safety, health and training staff.

Ten members of the Chamber of Minerals and Energy eastern region occupational

health and safety committee visited our mine and various south-west mining operations, examining their safety and health programmes. This was a reciprocal visit following the successful south west region occupational health and safety committee's visit to Kalgoorlie in March 2003.

We also hosted several tours for government agencies such as the DoIR and the Department of Environment.

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 conservation and land management committee, the Collie Coal Mines Environmental Committee, the South-West Environmental Forum, the Environment and Natural Resource Management Committee, the Collie River Salinity Recovery Committee, the Collie River Restoration Group and the Western 5 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 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.



The Collie Tourist Railway benefited from funds raised by Premier's Safety Committee. Patrick Warrand, General Manager Operations (far right) presented a cheque to members of the railway committee.



During the year, we hosted several mine visits including school groups and international delegations.

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

We began a quarterly publication for employees called "Premier Coal Health and Lifestyle Newsletter" as part of our focus on keeping our ageing workforce healthy and fit.

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.

PREMIER COAL



Premier Coal, the Ngalang Boodja nursery and the Amaroo Primary School celebrated National Tree Day by planting thousands of seedlings to assist mine site rehabilitation.



During the year the Stakeholder Group raised some good suggestions for the report including a better introduction to the operation and the release of a Premier Coal-only version. Both ideas were accepted. The group was advised of a proposed char plant development which did not raise any major concerns other than a request to seek opportunities for local content during construction. The group advised us that Collie would benefit from greater public access to the mine by tourists and we have committed to working with the local tourist bureau to allow groups to visit.

Regular meetings are also held with local residents at which we provide general information as well as detailed environmental performance data. The Buckingham community meetings provide a valuable opportunity to discuss their concerns and suggestions.

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

Under our Safety Voucher fund a proportion of safety financial incentive awards managed by employees, contributed to community projects. Beneficiaries this year included youth support, heritage and

tourism projects, local welfare and essential service groups and schools. Because of our excellent safety performance, \$26,922 was contributed by the fund to the Collie community. This was in addition to \$35,361 as direct community contributions.

COMMUNITY SUPPORT

A group of seven University of Western Australia medical and dental students visited our mine in March as part of the University's "Rural Week". The students were part of a larger contingent visiting other facilities in the Collie district to make them aware of health issues and facilities available in a country community. The aim is to interest students in future career opportunities in Western Australian country locations. Each student group had to submit a case study as part of their first year placement.

The Schools Compact for Education Excellence developed last year for local schools has been taken up by Amaroo Primary School. The aim is to deliver improved education opportunities for children through identification of areas of special need, projects that can support the school curriculum, business and school interaction, programmes to inspire and encourage gifted students and to support and assist disadvantaged students to achieve their full potential and meaningful work experience.

Work on the assessment of a future industrial park at Shotts near Collie continued. This 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 and we have provided the necessary land for future development.

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 is being used for further research on production of marron and silver perch. It also will provide a base for long-term teaching and as a research centre for the local TAFE and the Centre of Excellence in Sustainable Mine Lakes. Monitoring of the Western 5B lake (Lake Kepwari) continued as part of the Centre's research into developing a predictive model for water quality and ecological development of mine

lakes. This programme is essential for defining beneficial end uses and attracting capital developments.

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 tertiary scholarships such as the J A Ellis Scholarship and specific university scholarships.

Our scholarship at Curtin University supports postgraduate research into birds as bio-indicators in the jarrah forest in south-west Western Australia. The study is near completion and covered a range of forest types including pristine, logged, burnt and dieback-infested as well as rehabilitation areas on our mine site.

Our scholarship at the University of Western Australia supporting research into soil and plant factors which impact on rehabilitation success was completed.

We also sponsored the Joe Lord Memorial Scholarship at the Minerals and Energy Research Institute of Western Australia which supports research for the mining industry.

We provided work experience to 17 high school and TAFE students from the south-west region and paid vacation employment to 17 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.

AWARDS

We were successful in the national Banksia Awards, winning the category "Sustainable Development Leadership in the Minerals Industry".

PRIORITIES FOR THE FUTURE

- ✓ FULL ENVIRONMENTAL COMPLIANCE.
- ✓ PROGRESS REHABILITATION OF MINED AREAS.
- ✓ VALUE-ADDED REHABILITATION AND MINE CLOSURE OUTCOMES.
- ✓ ENSURE FOCUS ON ANY COMMUNITY ISSUES OR CONCERNS WITH OUR OPERATIONS.
- ✓ REVIEW OUR EMS FOR IMPROVED INTEGRATION WITH OTHER BUSINESS SYSTEMS.
- ✓ REDUCE GREENHOUSE GAS EMISSIONS.
- ✓ A TARGET OF ZERO ACCIDENTS.
- ✓ COMPLETE OUR FITNESS FOR WORK REGIME IMPLEMENTATION.
- ✓ COMPLETE THE REVIEW OF OUR RISKMAP SAFETY STANDARDS AND AUDITING SYSTEMS.

CASE STUDY



BANKSIA AWARD 2004 SUSTAINABLE DEVELOPMENT LEADERSHIP

Sustainability planning at our mine has resulted in a strong environmental performance as well as imaginative and innovative rehabilitation options. This was recognised when we won the prestigious nationwide Banksia 2004 Award for Sustainable Development Leadership in the Minerals Industry.

We have been successful in improving environmental management, substantially reducing greenhouse gas emissions over the last five years, developing innovative community-based rehabilitation programmes, establishing stronger links with the community and improving public access to our information and activities.

Our community-based programmes are to convert several former mining operations into valuable community assets, going well beyond compliance requirements and setting new industry standards. Apart from the creation of economic benefits and regional employment, we have shown that industry can establish assets of lasting social, economic and environmental value at the completion of mining.

Dusk at Lake Kepwari, a rehabilitated mine site. Kepwari is an Aboriginal word describing a water playground.



A long history of mining in the Cardiff Sub-basin left a legacy of three underground and four open cut mines involving a total land disturbance of nearly 1,000 hectares and a bill of \$13 million to rehabilitate.

We took on the challenge to not only rehabilitate according to government requirements, but to provide a positive legacy through development of community assets that will add value for future generations. Engagement of the community and government was a vital challenge to the successful transition from rehabilitation projects to community or on-going commercial ventures. These projects are:

- a Recreation and Conservation Lakes Development based on the old Western 5 open cut mine suitable for water sports, aquaculture and freshwater fishing;
- a Driver Training and Motorsports Development at the Central Services Area, used previously for underground mining, essentially a large "recycling" project with mine roads, offices, workshops and other facilities given a new role in motor sports and driver training; and
- a freshwater aquaculture farm at the former Western 5H mine site to research, develop, support and encourage a budding aquaculture industry in the region. The aquafarm had its first harvest of marron and silver perch in December 2003.



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 mainland states of Australia through a network of depots, company-operated branches, commissioned agents, dealers and franchisees servicing more than 9,500 bulk, 191,000 domestic, 8,500 forklift and 1,500 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.

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 training employees in the environmental benefits of LPG compared with other fossil fuels, undertaking scheduled asbestos inspections to comply with National Occupational Health and Safety Commission guidelines and investigating measures to improve energy efficiency.

Training in the environmental benefits of LPG compared with other fossil fuels was provided to 102 employees during the year.

Scheduled asbestos assessments were undertaken at Camellia in New South Wales, Pinkenba in Queensland, Kwinana and Myaree in Western Australia and Deer Park in Victoria.

Energy audits undertaken at the Niddrie office in Victoria and the Kwinana terminal identified opportunities for improving efficiency.

The two main safety areas on which we focused our attention during the year were emergency and crisis management planning and driver safety.

Both our Emergency and Crisis Management plans were reviewed during the year. No emergency response exercises were held during the year.

Defensive driver training for 138 of our passenger vehicle drivers was conducted. Each all day training session was run by the Driver Training and Education Centre and focused on both theory and practical elements of driver safety.

We achieved a zero Lost Time Injury Frequency Rate (LTIFR) for employees and contractors and this was a highlight of the year's safety performance.

Kleenheat bulk driver Ian Coxon refuelling at a service station in Pearsall, Western Australia.



LOST TIME INJURY FREQUENCY RATE

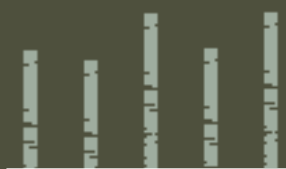
00	01	02	03	04
2.3	3.8	6.2	1.4	0.0

1 July 99 - 30 June 04 (as at 30 September 04)
*Contractor hours and LTIs included



NUMBER OF WORKERS COMPENSATION CLAIMS

00	01	02	03	04
46	39	59	49	60



**BUSINESS
MANAGEMENT**

Training

ENVIRONMENTAL

Environmental awareness training and separate environmental benefits of LPG training is delivered to new employees as part of the new two day induction programme. The first two day session was held in April 2004 with 48 participants. The environmental awareness training covered statutory obligations, key environmental management practices and environmental incident reporting requirements. The "Environmental Benefits of LPG" training provided detailed explanations of environmental advantages of LPG compared with other fossil fuels. This training was delivered to another 54 employees across Australia.

Spill management training was given to drivers in eastern Australia when their spill kits were issued.

Information on minimising fuel consumption in our heavy vehicle transport fleet, to reduce environmental impact, has been included in the "Professional Operator - Heavy Vehicle Driving" course that was developed this year. This training will be rolled out to heavy vehicle operators in the coming year.

HEALTH AND SAFETY

The two day induction programme in April 2004 also included an overview of our business units by senior managers, emergency response and safety audit preparation. A site inspection was also conducted at our Deer Park gas terminal in Victoria as part of the induction process.

As part of the requirements of the Safety Report development process for our Pinkenba gas terminal, 140 general and driver contractors were inducted during the year.

To assist our employees to select internal and external training courses to further their career, we created a training course register.

Defensive driver training for 138 of our passenger vehicle drivers was conducted. Each all day training session was run by the Driver Training and Education Centre (a specialist driver training provider) and focused on both theory and practical elements of driver safety. Further details are included in the Case Study on page 45.

03

2003 REPORT PRIORITIES

Train our employees in the environmental benefits of LPG.

Continue the asbestos management programme.

Further progress the Health, Safety and Environmental improvement plan.

Zero Lost Time Injuries continues to be our target with an annual reduction of at least 50 per cent in our LTIFR.

Implement Fitness for Work policy.

EMERGENCY

We conducted training to assist in responding to media inquiries during an emergency. This training was provided by an external consultant for 17 employees.

Both our emergency and crisis management plans were reviewed. Issues such as up to date contacts and training were identified for action. It is envisaged that the National Emergency Response Communications System and crisis management teams will be given training by an external consultant next year.

Compliance

ENVIRONMENTAL

Any changes to environmental legislation in the states and territories in which we operate are monitored through a company that specialises in environmental law. The company notifies us of any changes and has a website containing current environmental legislation. The annual environmental survey was completed for each of our sites. The results of the survey have been used in generating some of the data for this report.

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

The malfunctioning Pinkenba site septic system referred to in last year's report resulted in an overflow during the year which was reported to the Queensland Environmental Protection Agency (EPA). Various options for management of the site's sewage have been investigated. Discussions were held with the landowner

04 ↓

OUTCOMES

Achieved, with 102 employees receiving the training during the year.

Achieved. Scheduled site assessments have been carried out.

Achieved. The plan was reviewed and upgraded in December 2003 and continues to be progressed.

Achieved. LTIFR of zero.

Not achieved in the reporting period. Fitness for Work policy implemented on 1 July 2004.



Alan Meager and Melanie Squire at an induction seminar in Melbourne.



to pump the sewage to the landowner's adjoining property where it could be treated in an existing system. However, the landowner has decided against this option and we now expect to have a septic system operating on our site by December 2004.

A review of truck washing and cylinder washing water discharges will be undertaken over the next year to determine whether we comply with local regulations. Operational changes or upgrades will be undertaken where required.

KLEENHEAT GAS



Victorian WorkSafe Field Officer, Les Cameron, discusses the benefits of a cylinder lifter with Commission Agent, John Halfacre and Kleenheat's Alan Meager.



NATIONAL POLLUTANT INVENTORY (NPI)

LPG is a volatile organic compound that is one group of substances reportable under the NPI. The presence and use of all substances listed under the NPI was reviewed for each type of operating site. However, we did not trigger any thresholds and therefore we are not required to report.

HEALTH AND SAFETY

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

Improvement notices were issued by the Victorian WorkCover Authority for our Deer Park and Swan Hill gas terminals.

At Deer Park a notice was issued in March 2004 in relation to the amount of LPG stored at the premises. At Swan Hill, an August 2003 audit resulted in four Directions to Remedy Contravention orders, issued in relation to the storage and handling of dangerous goods. All notices and orders were complied with.

As part of the auditing process for compliance with the Victorian Major Hazards Facilities Regulations, we received an improvement notice in June 2004 in regard to our management of change

system directly relating to the Swan Hill terminal. We are working to comply with this notice.

Levels of ethyl mercaptan in the Kwinana test station and cylinder filling ramp were monitored. The monitoring showed that the levels were well below the standards set by the National Occupational Health and Safety Commission.

We have a process in place which endeavours to ensure that LPG cylinders and tanks are retested in accordance with the Australian Standard. Every endeavour is made to ensure that the Standard's requirements are met however, at any point in time, there may be some cylinders and tanks that may not meet this requirement.

LICENSING AND APPROVALS

We hold three site-specific environmental licences. These are required by the relevant statutory authorities for our Pinkenba terminal, our Mongla terminal in Bangladesh and our Kwinana Liquefied Natural Gas (LNG) plant. The licence previously held for our Myaree workshop is no longer required because the Environmental Protection (Liquid Waste) Regulations 1996 were repealed. No other environmental approvals were sought this year.

Our Kwinana gas terminal major hazard facility Safety Report was accepted, with the licence for the facility being amended by the Department of Industry and Resources (DoIR) in February 2004.

We hold a licence to operate at our Swan Hill gas terminal in Victoria. This terminal is licensed under the relevant Victorian occupational, health and safety legislation. A compliance audit was held by the Victorian WorkCover Authority in June 2004. Work is continuing to address issues raised by the audit.

Our Brisbane gas terminal is currently subject to the Major Hazards Facilities licensing regime overseen by the Queensland Government Chemical Hazards and Emergency Management (CHEM) Unit. The final section of the safety report for this terminal (referred to in last year's report) was submitted in March 2004. Approval is expected by the end of 2004.

Management systems

INTEGRATED MANAGEMENT SYSTEM

Our Operations Management System (OMS) is an intranet-based system covering safety, quality and environmental management

requirements. The system is reviewed on an ongoing basis and 96 of the 200 procedures were reviewed during the year 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. The OMS 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. The triennial external audit was conducted this year. We have maintained our third party certification to AS/NZS ISO 14001 (Environmental Management Systems) at our Myaree and Kwinana sites since 1998. Third party certification has not been sought at any other sites.

QUALITY SYSTEM

Our entire quality system is now compliant with AS/NZS 9001, with the system being upgraded at our Darwin site during the year. The mature nature of the system has been recognised by the external auditors resulting in future audits being scheduled on a rotating basis between the sites.

SAFETY MANAGEMENT SYSTEM (SMS)

We have maintained certification to AS/NZS 4801 (Occupational Health and Safety Management Systems) for our Myaree and Kwinana sites. Our last external audit, in May 2004, covered our integrated quality and safety management systems.

OTHER/INTERNAL MANAGEMENT SYSTEMS

Our compliance management database maintains information records for drivers, trucks, terminals and contractors.

The environmental management database referred to last year continued to be used.

Our business information system came into operation in December 2003 and is still being developed and improved. Environment, health and safety aspects have not yet been implemented.

POLICY

We have formal policies for quality, safety and the environment. Each policy has been developed in accordance with the relevant Australian Standard. Our policies are displayed on our intranet site and at our operating sites.



ENVIRONMENTAL

Air

DUST

Dust is an issue at some of our sites.

The cylinder filling and refurbishment operations at Wingfield in South Australia have been relocated to the nearby Gepps Cross site, which is sealed. This has eliminated the risk of dust to yard employees.

Concerns over dust at Deer Park were again raised during the year, but our plans to relocate from this site, referred to in last year's report, meant dust management measures were not implemented. However the lease at Deer Park has now been renewed and we are in the process of arranging the application of a dust suppressant at that facility.

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 93,458 cylinders were tested and our remnant gas recovery rate from tested cylinders increased by about 37 per cent from approximately 1.6 kilograms per cylinder to 2.2 kilograms per cylinder. 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.

**FIGURE 1:
NO. OF CYLINDERS TESTED**

CYLINDER SIZE	NO.	%
9 KILOGRAM	46,431	49.7
18 KILOGRAM	4,032	4.3
45 KILOGRAM	42,043	45.0
190/210 KILOGRAM	952	1.0
TOTAL	93,458	100.0

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 and also through education of our light vehicle fleet drivers 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. In the last year the number of petrol vehicles increased from two to three, LPG vehicles increased from 58 to 60 and there were 119 dual fuel vehicles, two more than the previous year.

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 200 tonnes per annum less than they would otherwise be.

Our direct greenhouse gas emissions during the year from vehicle fuel use were estimated to be 13,679 tonnes of carbon dioxide equivalent, down four per cent on last year.

In addition, our indirect greenhouse gas emissions during the year from imported electricity were estimated to be 3,498 tonnes of carbon dioxide equivalent, up nine per cent on last year.

The only other sources of greenhouse gas emissions of which we are aware are related to contractor vehicle fuel use for fuel purchased from non-BP outlets and waste disposed off-site. As we did not measure these we were unable to estimate associated greenhouse gas emissions.

Our total greenhouse emissions of 17,177 tonnes carbon dioxide equivalent were down two per cent on last year.

Our greenhouse gas emissions are due to vehicle fuel use (approximately 80 per cent) and electricity consumption (approximately 20 per cent).

Our total (direct and indirect) greenhouse gas emissions per bulk tonne of LPG delivered were estimated to be 33 kilograms of carbon dioxide equivalent, down five per cent on last year.

NOISE

We received no noise complaints.

OTHER EMISSIONS

We are not aware of any emissions of ozone-depleting substances.

Asbestos air fibre monitoring was conducted at our Myaree site in the repair

and fabrication workshop and main store. All results were below the detectable limit of 0.01 fibres/ml and, therefore, below WorkSafe Western Australia's limits for asbestos fibres in air.

Water

CONSUMPTION

Our main use of water during the year related to truck washing (undertaken at 36 per cent of our sites), cylinder washing (14 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.

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 (five per cent); and
- reused/recycled water (five per cent).

REUSE AND RECYCLING

Fire deluge systems are erected above our bulk storage tanks where required. At Kwinana and Channel Island in the Northern Territory, the released deluge water flows back into a water storage dam for reuse.

DISCHARGES TO SURFACE AND GROUNDWATER

At sites other than Kwinana and Channel Island, the deluge water discharges to the natural ground surface.

Waste

SOLID WASTE

The type of waste generated depends on the nature and size of the operation. Unmanned depots do not produce any 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

Waste oil is generated at our Myaree workshop where it is collected by a waste

KLEENHEAT GAS

management contractor. Some of our trucks are serviced at the Wandin terminal in Victoria. Waste oil is collected by the contract servicing mechanic and taken to a recycling centre for treatment.

Thinners are used at cylinder refurbishment stations where they are used to clean the spray guns, collected on filters and evaporated.

RECYCLING INITIATIVES

Approximately 30 tonnes of brass and 172 tonnes of steel were recycled from our operations across Australia, compared with last year's 31 tonnes and 164 tonnes respectively.

This year we participated in Cleanup Australia's mobile phone collection programme. Approximately 200 mobile phones were collected and money was raised to assist in community-based environmental initiatives.

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. As some of our bulk delivery trucks are fuelled by diesel or petrol, oil absorbent spill kits have been issued.

Some of the sites we lease in New South Wales are contaminated from previous uses. No remediation was undertaken by the council at Nowra so our operations have continued as before. Our site at Camellia is concreted which assists in preventing incident rainwater from spreading contamination. We have relocated from the contaminated site at Armidale enabling the remediation of that site by other parties.

We removed the hydrocarbon-contaminated sediment from the stormwater system at Pinkenba. This material was collected by the landowner for treatment and disposal. A stormwater drainage management plan is now in place.

Hydrocarbon contamination was identified around the waste oil tank at Myaree and elevated zinc concentrations were identified in the soil under the cylinder filling ramp at Myaree. However no further investigation of the zinc contamination was considered warranted by the external consultant given the limited potential for ecological risk.

Resource use

ENERGY

Our main use of energy during the year related to transporting LPG and electricity consumption at our sites.

Energy audits were undertaken at the Niddrie regional office in Victoria and the Kwinana terminal. Opportunities for energy savings at Niddrie where documented in relation to the operation of air-conditioning, lighting and office equipment. Potential energy savings of 816 gigajoules per annum and cost savings of \$16,063 per annum were identified at Niddrie. Opportunities for energy savings at Kwinana were more limited and related to review of lighting types and the air compressor operation. The most cost effective opportunities will be implemented in the coming year.

Our total energy consumption was estimated to be 207,371 gigajoules, down four per cent on last year.

Our total energy consumption per bulk tonne of LPG delivered was estimated to be 0.40 gigajoules.

Our energy sources are detailed below.

FUEL

Diesel and petrol accounted for approximately 88 per cent of our total energy consumption by gigajoule.

Most of the fuel we consumed related to transporting LPG. Our fuel consumption is shown in Figure 2, below, in comparison to last year.

FIGURE 2: FUEL CONSUMPTION (LITRES)

	2003	2004
LPG	723,317	542,643
PETROL	167,947	202,651
DIESEL	4,696,297	4,557,265

Contractor vehicle fuel use for fuel purchased from BP outlets using our BP fuel card system is included in the above figures. Fuel purchased by contractors from non-BP outlets is not included as we have no practical way of recording those purchases.

Both the kilometres travelled and litres of diesel consumed, per tonne of bulk LPG delivered, have been determined. Last year's figures were recalculated without averaging of data and can now be directly compared with this year's data. The kilometres travelled per bulk tonne of LPG delivered has been reduced from 27 (we reported 40 in last year's report based on averaged data) to 26. The efficiency of diesel use has also improved with 8.9 litres of diesel being consumed per bulk tonne delivered compared with 9.8 litres last year. We incorrectly reported 7.9 litres last year. Improvements in tracking this data in the Oracle system and measures to improve fuel efficiency will be implemented next year.

ELECTRICITY

Electricity accounted for approximately five per cent of our total energy consumption by gigajoule. Our electricity consumption was 3,066,662 kilowatt hours.

GAS

LPG accounted for approximately seven per cent of our total energy consumption by gigajoule.

SAFETY AND HEALTH

LOST TIME

Our LTIFR was zero (compared with 1.4 last year) and, during the year, there were no LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was zero, the same as 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.



Angus Selman with discarded mobile phones collected as part of a recycling initiative at Myaree in Western Australia.



WORKERS COMPENSATION

There were 60 workers compensation claims reported, relating to occurrences during the year, compared with 49 last year.

Hazard and risk

PROGRAMMES

We held driver forums in October 2003, January 2004 and April 2004. The forums used a consultative approach with 15 employees and contractors from a number of states to raise and try to solve safety and risk-related issues. We have started working to address issues generated at the forums.

During the year, our heavy haulage vehicles were involved in 10 on-road accidents, with no personal injury or major damage. During the same period, our passenger vehicle fleet was involved in 30 road accidents. Again, there were no personal injuries and no major damage to vehicles.

In conjunction with the Port of Darwin and an external risk consultant, we conducted a security risk assessment and developed a regional port security plan for our Channel Island gas mooring in the Northern Territory as required by the Australian Maritime Transport Security Regulations. The plan was completed and submitted to the Commonwealth Department of Transport and Regional Services in March 2004.

EMERGENCY RESPONSE

No emergency response exercises were held this year. We are planning to conduct an emergency response exercise at our Kwinana gas terminal and separate desktop crisis management exercises in Perth and Melbourne by the end of 2004 to test the draft Crisis Management Plan referred to in this report last year.

The emergency response resource package referred to last year will be implemented during the next year.

We reviewed or created an emergency plan for 24 locations, with 18 being completed and six in draft form at the end of the year. Each plan, dangerous goods storage quantities and emergency and local infrastructure contacts were reviewed and published on our intranet for access by employees.

MATERIALS HANDLING AND STORAGE

We revised our manual handling training in March 2004 to refresh the information and advice we give to our employees and

contractors. The training package now shows safe techniques for exiting trucks, handling stock in retail branches and gas cylinder handling.

We demonstrated a lifting device at our convention in Melbourne in March 2004. Our plan is to progressively roll out the use of this device in the coming year.

We successfully trialled a tailgate loader for our cylinder delivery vehicles, the initial trial being on the utility used at our Myaree store. These will be progressively introduced in the coming year.

RISK ASSESSMENT

As part of the Safety Report for our Kwinana gas terminal, we undertook a Quantitative Risk Assessment (QRA) for the facility. We engaged the services of independent risk consultants to conduct the QRA and submitted a revised version to the DoIR in December 2003.

We also submitted the final sections of our Safety Report for the Pinkenba gas terminal in March 2004.

Our Liquefied Natural Gas (LNG) group has continued to grow over the year in Western Australia, with one customer, SITA Environmental Solutions, having a vehicle converted to run on LNG and plans for another two vehicles to be fitted out in the coming year. In addition, the LNG group won the contract to convert approximately 150 vehicles and construct a tanker loading facility for the Murray Goulburn Cooperative Company in Victoria. As part of this process, a Hazard and Operability study was conducted in March 2004 for the refuelling facility.

All sites identified as containing asbestos materials have been surveyed by independent consultants. The consultants' reports contain recommendations which are being actioned as required. Scheduled asbestos assessments were undertaken at Camellia, Pinkenba, Kwinana, Myaree and Deer Park. As a result of these assessments, the Myaree cylinder filling ramp will be removed, the asbestos on the Pinkenba cylinder refurbishment shed will be replaced and damaged asbestos at Camellia will be sealed, in the coming year. No further asbestos management is required at Deer Park and Kwinana in the next year.

Deficiencies with the current paint spray booth at the Pinkenba terminal have been identified and upgrade options are currently being investigated.



The poster used for the first "Safety Sam" campaign aimed at improving driver safety.



EMPLOYEE WELLBEING

We commenced a "Safety Sam" campaign in April 2004 with posters promoting safe driving tips, a competition to win a defensive driver training day and a free T-shirt. Our second campaign, which began in June 2004, provided information packs to all staff promoting the introduction of our Fitness for Work policy in July 2004.

We again produced a calendar in which we ran a competition for the children of employees to submit a drawing based on health, safety or environmental themes. The competition winners had their drawings published in the calendar.

We began another round of employee health surveys in June 2004, with 161 employees participating. The survey consisted of blood profiling, health tests, fitness tests and a questionnaire. Employees received both oral and written feedback on their health status and identified health risk areas. We will receive aggregated data on employee health from these surveys.

Employees were also offered the opportunity to have an influenza vaccination with 144 employees taking up the offer.

KLEENHEAT GAS

COMMUNITY

STAKEHOLDERS

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

In March 2004, we made available to our staff the Workplace Giving programme, which allows employees to make charitable donations out of pre-tax salary, thus effectively allowing employees to receive the tax deduction at the time of the donation without any paperwork, rather than waiting until after the end of the financial year and claiming deductions in their returns.

We also offered employees the opportunity to bring in old mobile telephones for collection and disposal.

We assisted our commissioned agent in Geelong Victoria, a wholesale customer, to resolve an improvement notice issued to him in November 2003 by the Victorian WorkCover Authority (VWA) relating to manual handling of cylinders. This notice was complied with by conducting a manual handling risk assessment and sourcing, creating and fitting a simple winching device, which attaches to the rear of a truck.

As part of our commitment to improve customer relationships and service, another 125 employees were given awareness training in the Key Account Relationship Management process. This process allows us to assist our larger customers to streamline their LPG usage and to add value to existing gas installations. For example, at the Western Australian site of major gold producer and one of our long standing end-use customers, Kalgoorlie Consolidated Gold Mines (KCGM), a project began in March 2004 to provide telemetry monitoring and metering of storage inventory to improve KCGM's daily LPG management.

A number of our appliance and asset suppliers were invited to attend the Kleenheat Convention where they showcased new appliances and gas-related products.

In April 2004 we conducted a safety awareness training presentation in Western Australia for 30 Kimberley and Pilbara volunteer fire fighters and six senior Fire and Emergency Services Authority managers. The training focused on the risks associated with domestic and commercial

applications of LPG and road tanker and passenger vehicle safety.

We again sponsored the Community of the Year awards in Western Australia and Victoria and, for the first time, in New South Wales. We also co-sponsored Regional Achievers Awards in the same states.

As part of our commitment to raising community awareness of LPG safety, we provide training to any interested party or public group.

FEEDBACK/COMPLAINTS

Most customer issues are handled first by our Customer Service Centre (CSC) officers. If an issue requires further attention, the matter is dealt with by the CSC manager, supervisor or other senior personnel. We also handled 78 written feedback issues during the year.

LIAISON WITH AUTHORITIES

We continue to maintain a working relationship with government authorities to ensure we deal with any compliance issues that arise.

Communication

NEWSLETTERS AND REPORTS

We maintained a high level of employee feedback through both our "Gas-Bagging" and "Safeside" newsletters. We also distribute "Well-at-Work" newsletters to employees providing a range of information relating to general health and wellbeing.

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 are a member of the Australian Liquefied Petroleum Gas Association.

We are now a full member of the Kwinana Industries Public Safety (KIPS) group and an associate member of the Kwinana Industries Mutual Aid (KIMA) group.

COMMUNITY SUPPORT

In addition to the major sponsorships, we have provided support to such events as the Canberra Balloon fiesta, the Australia Cancer Council, the Clontarf Football Academy and a number of other local sporting clubs and cultural organisations.

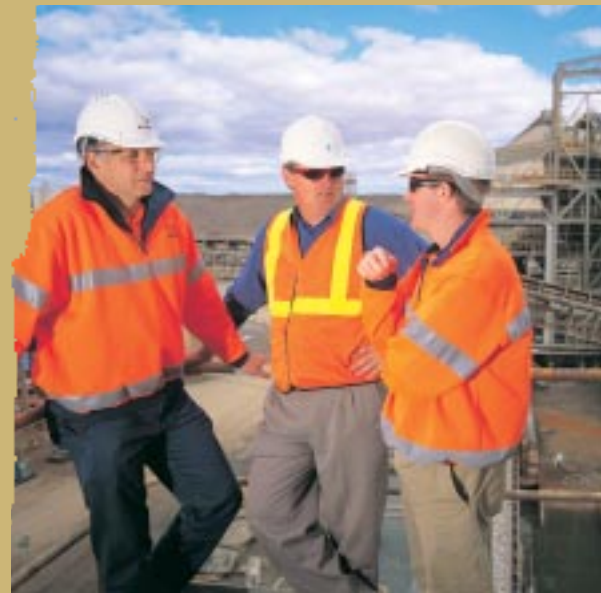
Research

SCHOLARSHIPS

We sponsor the ABC school in Dhaka, Bangladesh for children living in poverty. This year the school numbers have risen from 25 to 57 children, in groups from four to 12 years of age.

Highlights of the school this year have been the employment of a qualified headmistress and two new teachers, the introduction of sewing classes which assist in future employment in garment industries, an eye testing programme for the children and the purchase of two rickshaws for the fathers of the children to rent.

The Australian under-19 cricket side also visited the school during the year and presented the children with a cricket kit and T-shirts.



Grant Macpherson (centre) discusses with Kalgoorlie Consolidated Gold Mines employees Ross Whalton (left) and Steve Cooper ways to improve daily LPG management.





CASE STUDY

Our passenger vehicle fleet operates under a variety of differing road surfaces and climactic conditions and covers a large number of kilometres every year.

To assist in reducing the on-road risks of daily driving, we consulted with the Driver Training Education Centre, a specialist driver training provider to prepare a course for drivers which addressed the risks specific to our operations.

This training course, conducted over a full day, concentrated on such learning strategies as observation techniques, vehicle dynamics, systems of car control and driver attitudes, as a classroom theory session. The practical skills sessions covered such issues as pre-driving drills, vehicle maintenance, braking techniques, and on-road practical driving. Each participant was given an on-road skills assessment.

The course was conducted in all states in which we operate and 138 employees attained a Level 2 Certificate in Defensive Driver Training.

Due to the positive feedback provided by our employees, we are now extending the defensive driver training to our heavy vehicle drivers.

Training facilitator Chris Svircas (second from left) showing Colin Proctor, Josephine Wilkes and Jim Theodoropoulos how to do a vehicle pre-start inspection.



KLEENHEAT GAS

PRIORITIES FOR THE FUTURE

- ⌵ MAINTAIN ZERO LOST TIME INJURIES.
- ⌵ CONDUCT HEAVY VEHICLE DRIVER TRAINING.
- ⌵ INTRODUCE FURTHER PROGRAMMES TO REDUCE MANUAL HANDLING RISKS.
- ⌵ IMPROVE ENERGY EFFICIENCY AT SITES AND IN THE TRANSPORT OF OUR PRODUCT.
- ⌵ IMPLEMENT RECOMMENDATIONS OF ASBESTOS SITE ASSESSMENTS.
- ⌵ INSTALL SEPTIC SYSTEM AT PINKENBA TERMINAL.



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 levels were steady during the year with plant capacity now at about 350,000 tonnes per annum. We employ about 40 people.

Overview

The main challenge facing our business on an ongoing basis is the safe operation of our plant 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 noise reduction projects, ensuring compliance with our Department of Environment (DoE) licence conditions and completion of projects to divert LPG emissions from plant equipment to the flare.

We continued implementing the noise management plan to address non-compliance issues with the Environmental Protection (Noise) Regulations 1997. This involved the implementation of a noise reduction project on the gas turbine alternator (Ruston generator). An acoustic sound barrier was installed and noise measurements will be conducted next year to confirm we are compliant with the boundary noise level regulations.

We are not aware of any non-compliance with DoE licence conditions, other than the environmental noise non-compliance which we believe has been resolved with the

installation of the acoustic sound barrier on the Ruston generator.

Work on a project to redirect minor LPG emissions from tanker loading to the flare rather than to atmosphere and a project to modify the drain systems from the export refrigeration scrubber area to the flare were completed during the year.

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 conducted an independent compliance audit of our Safety Report as part of our requirements as a major hazard facility under the national standard for the control of such facilities.

We progressed the environmental assessment of our plant site by completing stage two of the environmental site assessment. The independent consultant's

Manfred Weil checking equipment in the export refrigeration area at the Liquid Extraction Plant at Kwinana.



LOST TIME INJURY FREQUENCY RATE

00	01	02	03	04
0.0	0.0	0.0	7.2	0.0

1 July 99 - 30 June 04 (as at 30 September 04)
*Contractor hours and LTIs included from 1 July 2002.

NUMBER OF WORKERS COMPENSATION CLAIMS

00	01	02	03	04
1	2	0	1	3



WESFARMERS LPG

www.wesfarmerslpg.com.au

03

report concluded that no further investigations, including stages three and four mentioned in this report last year, were required. The existing lead and zinc soil contamination discussed in previous reports will be reported to the DoE when the Contaminated Sites Act 2003 comes into effect.

We conducted environmental sampling on plant gas-burning equipment to verify greenhouse gas emissions. Results indicated that oxides of nitrogen (NOx) emissions from the train two recompressor and gas-fired oil heater were less than previously estimated. The results for the train one recompressor were slightly above, and for the Ruston generator were in line with, previous estimates.

We finalised a Fitness for Work (Alcohol and Drugs) policy with regard to safety and health, which was introduced on 1 August 2004, following awareness training for employees and contractors.

A highlight of this year's safety performance was our achievement of a zero Lost Time Injury Frequency Rate (LTIFR) for employees and contractors.

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 137 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

Fitness for Work (Alcohol and Drugs) consultative committee members attended awareness training in the use of alcohol testing equipment as part of the introduction of our policy on 1 August 2004.

We conduct voluntary health and fitness assessments for employees and long-term contractors every two years. The next series of assessments is scheduled for 2005.

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

2003 REPORT PRIORITIES

No workplace injuries and LTIFR of zero.

Ongoing identification and control of hazards.

No significant release of hydrocarbons to the atmosphere.

Continued implementation of the noise reduction programme.

Progress environmental site assessment.

Implement Fitness for Work (Alcohol and Drugs) policy.

Conduct environmental sampling to verify greenhouse emissions.

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 acquired competencies against internal and national standards. The review of the internal competency standards, including training workshops, continued this year to ensure

Training employees and contractors such as apprentice Travis Simlinger, being supervised by Alex Alcorn, is part of the plant's safe operation.



04 ↓

OUTCOMES

Partly achieved. Two employee injuries and one contractor injury, each requiring minor medical treatment. LTIFR of zero for employees and contractors.

Achieved. Continued use of site Permit to Work system. Hazard and Operability (HAZOP) study conducted for proposed dual use (import and export) facility.

Achieved. Minor propane release following the operation of two pressure safety valves with no threat to employees or the public.

Achieved. Phase three completed. Noise measurements will be conducted to confirm compliance.

Achieved. Stage two completed. No further investigations are required.

Not achieved. Policy finalised and introduced on 1 August 2004. Alcohol testing equipment purchased and alcohol testing awareness training completed.

Achieved. Tests conducted and results demonstrate that the train two recompressor and gas fired oil heater oxides of nitrogen (NOx) emissions are less than previously estimated. The results for the train one recompressor were slightly above, and for the Ruston generator were in line with, previous estimates.



WESFARMERS LPG

that they matched current plant status. There were numerous changes made to the internal competency standards as a result of the review and this process is ongoing.

EMERGENCY

A comprehensive emergency response training programme is in place 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. Training under this programme is conducted annually.

As part of our Safety Report requirements, 37 employees completed an advanced fire fighting course, 13 completed the fire ground command course and 11 went through the fire awareness and control programme.

Compliance

ENVIRONMENTAL

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

We continued implementing the noise

management plan to address non-compliance issues with the Environmental Protection (Noise) Regulations 1997. This involved the implementation of a noise reduction project on the Ruston generator. An acoustic sound barrier designed to ensure compliance with boundary noise regulations, was installed in July 2004 and noise measurements will be conducted to confirm compliance.

NATIONAL POLLUTANT INVENTORY (NPI)

Air 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 2002/2003 reporting period was submitted to the Department of Environment (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 non-compliance with health and safety legislation or other health and safety requirements, except as set out in the Safety Management Section.

LICENSING AND APPROVALS

Our plant operated under licences issued by the DoE and the Department of Industry and Resources (DoIR). These licences are issued annually and we are not aware of any non-compliance with the DoE licence conditions, other than the environmental noise non-compliance which we believe has been resolved with the completion of the noise reduction project on the Ruston generator. There are some minor levels of non-compliance with the DoIR licence conditions which are reported under the Safety Management System section.

As part of the project for the conversion of our facility for dual use (import and export), we received approval for pipe work modifications from the DoIR in July 2004.

Management systems

ENVIRONMENTAL MANAGEMENT SYSTEM (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

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 October 2003 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 the DoIR.

Recommendations of a compliance audit conducted in September 2003 were discussed with the DoIR and an action plan was developed. We are progressing the action plan items.

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. The procedures were updated and re-issued this year as part of the compliance audit recommendations.

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. 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. There are four safety and health representatives who are on the occupational health and safety committee.

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Testing the firewater deluge system at the domestic LPG loading bay.



ENVIRONMENTAL

Air

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. No odour complaints were referred to us by any source this year.

GREENHOUSE GAS EMISSIONS

Our direct greenhouse gas emissions during the year from operating our plant were estimated to be 123,586 tonnes of carbon dioxide equivalent, up seven per cent on last year. This figure includes the following substance emissions:

- 112,630 tonnes of carbon dioxide (CO₂);
- 523 tonnes of methane (CH₄); and
- 200 kilograms of nitrous oxide (N₂O).

In addition, our indirect greenhouse gas emissions during the year from imported electricity and waste disposed off-site were estimated to be 6,771 tonnes of carbon dioxide equivalent, down 34 per cent on last year.

Our greenhouse gas emissions are largely due to fuel gas consumption (approximately 86 per cent) and fugitive gas emission due to gas turbine starter gas (approximately eight per cent).

Our total (direct and indirect) greenhouse gas emissions per day of production were estimated to be 367 tonnes of carbon dioxide equivalent, up four 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.

In previous reports we did not separate out the different oxides of nitrogen and we assumed, in calculating our greenhouse gas emissions, that all of the oxides of nitrogen emissions were nitrous oxide which is a greenhouse gas. This had the effect of overstating our greenhouse gas emissions. In this report we have separated out nitrous oxide for this year and, where comparisons are made, last year.

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 continued implementation of the management plan aimed at reducing noise emissions from the plant as far as practicable. We completed the installation

of a noise acoustic barrier on the Ruston generator in July 2004 and will conduct further noise measurements to confirm compliance with the environmental noise regulations.

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 2003/2004 reporting period or finalised our data estimates, however in 2002/2003 our three largest emissions were oxides of nitrogen (NO_x) (330,000 kilograms to air), carbon monoxide (77,000 kilograms to air) and particulate matter (29,000 kilograms to air).

There have been no environmental incidents involving significant release (defined as a release which may affect areas outside the plant) of LPG, natural gas or condensate to the atmosphere since the commencement of plant operations in 1988. There have been occasional minor LPG releases (defined as those contained within the plant) that have been quickly brought under control.

There was one propane release in December 2003, following the operation of two pressure safety valves (one on each propane export storage tank) which each lasted approximately one minute and released approximately 0.5 tonnes of propane, due to pressure rises in the storage tanks. The release was safely dispersed and did not pose any threat to employees.

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 prevent the formation of black smoke.

Last year's report referred to a project to allow the safe discharge of LPG emissions to flare following the completion of loading of road tankers when the hoses are disconnected. This project was completed during the year.

Water

CONSUMPTION

Our main use of scheme water during the year related to plant processes and general site amenities.



Inspecting the Ruston generator on which work was done during the year to reduce noise levels.



Scheme water consumption was estimated to be 13.1 megalitres, down 25 per cent on last year.

Our total scheme water consumption per tonne of production was estimated to be 40 litres, down 25 per cent on last year. The water treatment plant was unavailable for approximately five months of the year because of technical issues.

We also used groundwater abstracted through bores for maintaining the level in the firewater reservoir and for garden reticulation. As groundwater use is not measured, it has not been included in our total water consumption figure.

REUSE AND RECYCLING

Water used for deluge system testing is returned to the storage pond for reuse.

DISCHARGES TO SURFACE AND GROUNDWATER

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 4,000 litres.

Three bores operating on the site provide water for garden reticulation and for emergency response.

WESFARMERS LPG

Waste

SOLID WASTE

Our solid waste consisted primarily of general site waste.

We estimated our total solid general waste stream to be 726 cubic metres prior to compaction, down two per cent on last year. All this waste was taken away by our waste management contractor and disposed of as landfill. There is no landfill of waste on site.

Our total solid waste disposed of to landfill per thousand tonnes of production was estimated to be two cubic metres, down two per cent on last year.

LIQUID WASTE

Our liquid waste consists primarily of used lubricating and seal oil.

We estimated our total oil waste to be 11,900 litres, up 156 per cent on last year. Of this amount, 100 per cent is recycled. This increase was due to the removal from site of oil from the train one recompressor engine changeout and stockpiled oil wastes.

Our oil waste generation per thousand tonnes of production was estimated to be 36 litres, up 156 per cent on last year.



Tony Langeard emptying paper recycling bin into the main skip for collection by a waste management contractor.



RECYCLING INITIATIVES

Paper and cardboard recycling bins continued to be used as part of our paper products recycling policy and about 75 cubic metres of paper and cardboard were removed by our waste management contractor for recycling.

Land

FLORA AND FAUNA

Extensive landscaping including trees and shrubs is maintained to improve the appearance of the facility and minimise dust.

CONTAMINATION

Stage two of the environmental site assessment was completed and the consultant's report recommendations were implemented. The report concluded that no further investigations (including stages three and four mentioned in this report last year) were required and that there was negligible risk to human health and the environment from identified potential contaminants of concern. 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.

Resource use

ENERGY

Our main use of energy during the year related to plant processes.

We estimated our total energy consumption to be 2,160,923 gigajoules, up 20 per cent on last year.

Our total energy consumption per tonne of production was estimated to be 6.6 gigajoules, up 20 per cent on last year.

Our energy sources are detailed below.

FUEL

Petrol and diesel accounted for approximately 0.04 per cent of our total energy consumption by gigajoule. During the year we used 14,675 litres of petrol and 11,065 litres of diesel for vehicle and machinery fuel.

ELECTRICITY

Electricity accounted for approximately one per cent of our total energy consumption by gigajoule. Electricity consumption for the year was 6,038,600 kilowatt hours.

GAS

Natural gas and LPG accounted for approximately 98 per cent of our total energy consumption by gigajoule. During the year we used 42,886 tonnes of natural gas as fuel for the LPG processing plant. During the year we used 10,716 litres of autogas for vehicle fuel.



SAFETY AND HEALTH

LOST TIME

Our LTIFR was zero (compared with 7.2 last year) and, during the year, there were no LTIs.

Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was zero (compared with two last year). These statistics include contractor hours and injuries.

We had two employee injuries and one contractor injury during the year, each requiring minor medical treatment.

Safety statistics, including information on employees and contractors, are reported monthly to Wesfarmers Energy.

WORKERS COMPENSATION

There were three workers compensation claims reported, relating to occurrences during the year, compared with one last year.

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.

EMERGENCY RESPONSE

We have detailed emergency response procedures. They describe 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.

Our procedures were revised during the year to develop an Emergency Management Plan (EMP), which links into the Wesfarmers Energy and Wesfarmers Limited Crisis Management Plans. The EMP was issued to internal and external stakeholders as part of our licensing requirements as a Major Hazard Facility. An emergency desktop exercise involving an LPG leak and fire on the export line was carried out in August 2003 with a field exercise based on this scenario completed in November 2003. These exercises involved role play and actual deployment of site resources and external resources including Fire and Emergency Services Authority and police.

Three site emergency muster point exercises were successfully carried out to test employee understanding of and compliance with emergency response procedures.

We continued as the rostered facility to conduct the weekly Kwinana Industrial Mutual Aid (KIMA) radio testing. These radio testing protocols allow for radio communications to the various industrial neighbours to be verified as operational.

MATERIALS HANDLING AND STORAGE

We operate under an annual DoIR licence covering storage of dangerous goods.

Our propane and butane products and condensate by-product are defined as dangerous goods under the Dangerous Goods Storage Regulations administered by the department. The products are stored in vessels which comply with both Australian and international engineering standards. Approximately 3,500 litres of diesel is stored on-site within bunded areas. Backup supplies of lubricating oil and heat transfer fluid are kept in 200 litre drums in a bunded oil storage area.

Odorant is pumped directly from sealed iso-containers. The empty containers are returned to the supplier for reuse, eliminating any residual odorant disposal requirements.

Liquid nitrogen is stored in an insulated vessel and is used for clearing LPG from the export pipe work following completion of exports. An additional liquid nitrogen vessel is located at the Liquefied Natural Gas (LNG) plant for use in the production process. LNG product is stored in an insulated vessel at the plant.

All of these storage areas meet legislative requirements.

RISK ASSESSMENT

As part of the project to convert our facility for dual use (import and export), a Quantitative Risk Assessment was conducted and submitted to the DoIR this year. The department has reviewed this assessment and is satisfied with the proposed plant modifications.

EMPLOYEE WELLBEING

We continued with an employee consultative committee to assist in the development of a Fitness for Work (Alcohol and Drugs) policy. The policy, which includes provisions for alcohol and drug testing has been finalised and was introduced in August 2004.

We continue to provide an Employee Assistance Programme which 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.



Jim McFaul at the domestic loading bay showing modifications to the loadout hose which enable LPG emissions to be diverted to the plant's flare prior to disconnection.



WESFARMERS LPG



STAKEHOLDERS

Our stakeholders include our employees, relevant regulatory authorities, our customers, the local Kwinana community in which we operate and the shareholders of 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 which includes representatives from industry, regulatory authorities, local government authorities and the local community.

FEEDBACK/COMPLAINTS

Senior management handles any complaints from the community.

We have an environmental complaints register, but there were no complaints from any source during the year.

LIAISON WITH AUTHORITIES

We maintain good working relationships with the DoIR 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 2003 Wesfarmers Environment, Health, Safety and the Community 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 enables the community to find out what is happening 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.

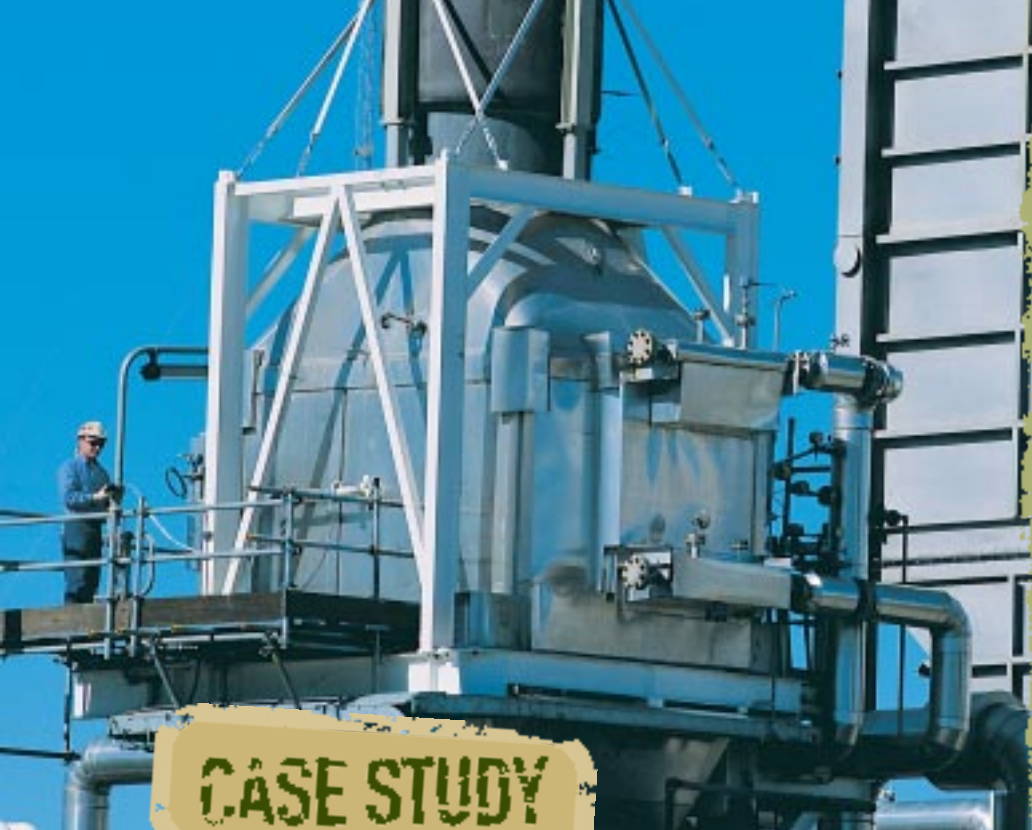
LIAISON GROUPS

We continue to be involved in the Kwinana Industries Public Safety Liaison Group. This group allows us to formally consult with state government departments and agencies, local government organizations and community interest groups in matters relating to our operations.



Greg Johnston performing a safety test on the firewater trailer.





PRIORITIES FOR THE FUTURE

- ⌵ NO WORKPLACE INJURIES.
- ⌵ LTIFR OF ZERO.
- ⌵ IDENTIFICATION AND CONTROL OF HAZARDS.
- ⌵ NO SIGNIFICANT RELEASE OF HYDROCARBONS TO THE ATMOSPHERE.
- ⌵ COMPLIANCE WITH ENVIRONMENTAL NOISE REGULATIONS.
- ⌵ MEET REPORTING REQUIREMENTS OF CONTAMINATED SITES ACT 2003.
- ⌵ IMPLEMENT FITNESS FOR WORK (ALCOHOL AND DRUGS) POLICY.
- ⌵ CONTINUE ENVIRONMENTAL SAMPLING TO VERIFY GREENHOUSE EMISSIONS.

CASE STUDY

As part of our commitment to conduct environmental sampling to verify our greenhouse gas emissions from our plant operations, we completed a number of projects to allow for environmental sampling from plant equipment.

Specific projects to provide sample points were completed for the train one and the train two recompressors, the Ruston generator and the gas-fired oil heater.

This work enabled us to conduct environmental sampling of the exhaust from this equipment to measure the actual emissions and compare them with the previously estimated greenhouse emissions.

The sampling has been conducted by an independent environmental consultant and results indicated that the actual greenhouse gas emissions from the train two recompressor and gas fired oil heater were less than the estimates previously provided. The results for the train one recompressor were slightly above and the Ruston generator was in line with previous estimates.

Environmental consultant Greg Salter sampling the exhaust stream from the train two recompressor turbine to verify greenhouse gas emissions.



The sampling and testing procedure detects the actual oxides of nitrogen (NOx) from the exhaust streams, which are then used for reporting to the DoE for inclusion in the National Pollutant Inventory.

Further environmental sampling of plant items will continue on a quarterly basis for the first half of next year, with a view to extending the sampling intervals if the results are shown to be consistent.

INDUSTRIAL & SAFETY

We are Australasia's market leaders in the supply of maintenance, repair and operating products and safety products. With more than 250 outlets we trade in Australia as Atkins, Bakers, Blackwoods, Motion Industries, Mullings Fasteners and Protector Alsafe. Our businesses in New Zealand are Blackwoods Paykels, Packaging House, NZ Safety and Protector Safety Supply. We employ about 3,300 people.

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 adverse impact on the environment or the communities in which we operate.

In dealing with this challenge, the two main environmental areas on which we focused our attention during the year were storage and handling of dangerous goods and establishing systems to track our energy and water usage.

Our distribution centres hold the majority of our dangerous goods and both the Western and Southern Regions began the task of reviewing the processes and implementing changes for the larger distribution centres. The Northern, Central and New Zealand Regions plan to begin reviewing their dangerous goods storage for larger distribution centres in the coming year.

We implemented a process for tracking the energy usage of all our branches in Australia and New Zealand and water usage of our Australian distribution

centres and branches. Data from this tracking process will enable us to identify and assess potential opportunities for reducing our energy and water usage. We intend to further improve data collection by including New Zealand distribution centres and branches in the tracking process next year.

The two main safety areas on which we focused our attention during the year were conducting branch-specific risk assessments and implementing Occupational Health Safety and Environment (OHSE) improvement plans.

Risk assessments were conducted and identified significant hazards, such as manual handling activities, allowing risk mitigation strategies to be put in place.

OHSE improvement plans were implemented focusing first on increasing the knowledge of OHSE issues among our employees and labour hire contractors and secondly on implementing preventative strategies aimed at reducing our Lost Time Injury Frequency Rate (LTIFR).

In order to collect accurate safety, health and environmental data for each of our distribution centres and branches in

The central conveyancing system at Blackwoods' new warehouse in Scoresby, Victoria.



LOST TIME INJURY FREQUENCY RATE

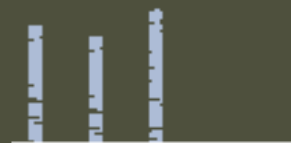
02	03	04
10.5	8.6	5.4

1 July 99 - 30 June 04 (as at 30 September 04)
*Contractor hours and LTIs included



NUMBER OF WORKERS COMPENSATION CLAIMS

02	03	04
162	152	177



Blackwoods

BAKERS
CONSTRUCTION + INDUSTRIAL

Motion
INDUSTRIAL
SAFETY EQUIPMENT & SERVICES

Protector
Safety Supply

Atkins

NZ Safety

Protector Alsafe

Packaging House
SALES, PROMOTION, MARKETING & DESIGN

Mullings Fasteners
"THE FASTENER SPECIALIST"

Blackwoods Paykels

(For website addresses, see page 60)

03

2003 REPORT PRIORITIES

Improve our safety performance by at least halving our LTIFR each year with a target of zero LTIs.

Reduce the number of manual handling injuries.

Ensure that each of our branches implements an OHSE improvement plan.

Implement the "PeopleSoft" human resources information system.

Improve our data collection procedures to identify opportunities to increase recycling.

Improve the data collection process for this report.

formal licensing is not required, we have internal training and education underway to ensure operators are competent.

In New Zealand, attendance at our OHS seminars continued with 1,539 people participating during the year, including our employees and members of the general public. In addition to the topics covered last year, several new seminar titles were offered, including:

- preventing hearing loss at work;
- stress and fatigue awareness and management in the workplace;
- chemical hazards in the workplace;
- safe working at heights;
- first aid training; and
- spill response training.

Our primary labour hire contractor, Skilled Engineering, conduct an induction with their personnel prior to them commencing work with us.

EMERGENCY

We have seen an increase in the number of emergency evacuation plans implemented and 124 branches now have such plans in place. As indicated last year, we have

04 ↓

OUTCOMES

Not achieved. LTIFR of 5.4, down from 8.6 last year. There were 32 LTIs.

Not achieved. Seventy-five manual handling injuries compared with 69 last year. Of these, 52 were recorded in Australia compared with 59 last year and 23 were recorded in New Zealand compared with 10 last year. The increase in New Zealand is partly due to more employees arising from the Paykels acquisition.

Achieved. Each branch has now implemented an OHSE improvement plan.

Not achieved. The OHSE module of "PeopleSoft" and was implemented in August 2004.

Achieved. We collected data on existing recycling initiatives throughout our distribution centres and branches.

Achieved. We reviewed the survey content to ensure more relevant data was collected from our distribution centres and branches.

addressed this issue on a risk basis and are confident that we will see the remaining smaller branches complete an emergency evacuation plan commensurate with their risk level over the next year.

A need for qualified first aid attendants was identified during last year's OHSE survey and as a result more than 37 employees have now been trained or have attended refresher courses where required.

Training sessions in the correct selection and use of fire fighting equipment were conducted in our Western, Central and Southern Regions.

Compliance

ENVIRONMENT

We are not aware of any 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 are not required to report under the NPI.

Australia and New Zealand, an OHSE survey was conducted and surveys were returned 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 responses.

BUSINESS MANAGEMENT

Training

Induction procedures have been through a review process and as a result a new induction programme has been developed. A project plan for its implementation has been drafted and the programme began with training for our OHSE coordinators in July 2004.

ENVIRONMENTAL

Our induction programme includes information on recycling and reuse initiatives and energy conservation. Our environmental policy is communicated to all new employees in a handbook and during induction.

HEALTH AND SAFETY

New South Wales WorkCover-accredited Occupational Health and Safety (OHS) awareness training for supervisors and managers began in Sydney in April 2004 with 11 employees attending.

Training in the OHSE management responsibilities and accountabilities procedure has begun across our Southern Region in specific training sessions and elsewhere as part of the OHSE induction process.

Training and education has been undertaken for the policies and procedures that make up our integrated OHSE management system. Topics included:

- accident/incident reporting;
- isolation lockout tag out;
- security procedures;
- injury management; and
- emergency response.

Forklifts are operated at the majority of our locations with varying levels of operator licensing requirements applicable. Accredited operator training for forklift licensing is undertaken where required. Safe operating procedures developed by our division are used to meet any site-specific training obligations. In those areas where

INDUSTRIAL & SAFETY



David Naufahu operating a high rise stock picker at Industrial and Safety's new warehouse in Smithfield, New South Wales.



HEALTH AND SAFETY

We have branches across Australia and New Zealand and we need to comply with varying occupational health, safety and environmental legislation.

In New South Wales our OHSE management system passed an audit against the New South Wales WorkCover Premium Discount Scheme criteria. Level four of the audit scheme was attained during this process allowing us to receive the full premium benefit.

Our OHSE Improvement Plans address various compliance issues applicable to our operations around Australia and New Zealand including:

- identification of hazards and assessment of the associated risk;
- dangerous goods storage and handling;
- electrical tagging and testing of equipment; and
- training and appropriate licensing for moving plant.

We are not aware of any non-compliance during the year with health and safety legislation or other health and safety requirements, other than those matters set out below.

Two corrective action reports were issued from WorkCover relating to two of our Victorian branches. Matters raised in these reports were:

- traffic management;
- forklift/order picker operations;
- manual handling;
- operator certification; and
- pallet racking safety.

The report concerning our North Geelong branch has been satisfied with a final clearance issued by the inspector in January 2004. The second report, relating to our Altona branch, is being addressed in consultation with the inspector.

On 30 June 2004, the New South Wales WorkCover Authority issued three improvement notices on our second warehouse at our Smithfield distribution centre in relation to fire hose servicing, forklift security and ergonomics. Corrective actions are currently being completed in consultation with the inspector.

LICENSING AND APPROVALS

Where the construction of a new site or major renovation of an existing site is proposed, professional project managers are engaged to ensure all relevant government

licences and approvals are secured in accordance with building regulations. Recent projects include the renovation of the second warehouse building at the Smithfield distribution centre and a new distribution centre in Scorseby in Victoria.

Two of our dangerous goods licensed sites within our Southern and Western Regions began the task of reviewing their dangerous goods processes and implementing some changes for their larger distribution centres. The Northern, Central and New Zealand Regions are planning to begin the task of reviewing their dangerous goods storage for their larger distribution centres next year.

A dangerous goods licence was held during the year by our Blackwoods/Atkins Karratha branch in Western Australia for its gas exchange agency which is part of the branch operations.

Specific licences for the sale of scheduled poisons were held during the year by our Scorseby branch. Volumes of dangerous goods that are held by our other Victorian branches do not exceed the limit requiring registration of the goods with Victorian WorkCover.

Management systems

INTEGRATED MANAGEMENT SYSTEM

Our integrated management system was transferred to a new enterprise portal. This will allow improved accessibility for employees to the most current documents that comprise our management system.

All OHSE aspects of the management system are communicated to employees through our enterprise portal accessible from a dedicated OHSE homepage, ensuring current information is available to all employees.

Our integrated safety, health and environmental management system has undergone further development throughout the year with the addition and implementation of new procedures for the following matters:

- pallet racking safety inspection;
- incident reporting;
- cash in transit;
- armed hold up; and
- branch opening and closing.

The management system incorporates policy, procedure, risk management and the accident/incident reporting and investigation process for health, safety and environmental matters.

The hazard and near miss reporting process provides for safety and environmental reporting and requires senior management review of the identified corrective actions. Our audit and inspection procedures cover both environmental and safety monitoring requirements.

The protective clothing, safety products and graphics factories in New Zealand are all currently accredited to the AS/NZS 4801-Occupational Health and Safety Management Systems Standard.

Our largest labour hire contractor, Skilled Engineering Limited, has achieved certification of their OHS management system to AS/NZS 4801.

QUALITY SYSTEM

In New Zealand, our protective clothing and safety products factories have current ISO 9000 quality system certification.

POLICY

Current policies available and in use as part of our integrated management system include:

- Occupational Health and Safety;
- Environmental;
- Rehabilitation; and
- Health Assessment.

The OHS policy is aimed at 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 result of our operations.

ENVIRONMENTAL

Air

GREENHOUSE GAS EMISSIONS

The figure of 98,553 tonnes of carbon dioxide equivalent we reported for greenhouse gas emissions in this report last year may have significantly overstated our emissions because it was based on an unrepresentative sample of our

distribution centres and branches and was extrapolated without taking account of different emissions factors for different regions. This year we have calculated greenhouse gas emissions based on our estimates (using all available data) for each region where emissions factors vary according to the region.

Our direct greenhouse gas emissions during the year from our vehicle fuel use and natural gas use were estimated to be 9,060 tonnes of carbon dioxide equivalent.

In addition, our indirect greenhouse gas emissions during the year from imported electricity were estimated to be 17,145 tonnes of carbon dioxide equivalent.

Our greenhouse gas emissions were due to electricity use (approximately 65 per cent), fuel use for our vehicles (approximately 28 per cent) and gas use (approximately six per cent).

Our total (direct and indirect) greenhouse gas emissions per hundred thousand dollars of sales were estimated to be 2.37 tonnes of carbon dioxide equivalent.

The only other source of greenhouse gas emissions of which we are aware related to waste disposed off-site and as we did not have an accurate measurement of waste we have not estimated associated emissions.

Our calculation of greenhouse gas emissions used estimates for electricity, natural gas and fuel consumption based on available data. As we do not have a readily available breakdown of electricity and natural gas consumption by region, in calculating greenhouse gas emissions we have allocated consumption based on distribution centre and branch numbers in each of the relevant regions.

OTHER EMISSIONS

We are not aware of any emissions of ozone-depleting substances.

NOISE

No noise related issues or potential problems have been identified through our risk management process.

Water

CONSUMPTION

Our main use of water during the year related to kitchens and bathrooms. None of our distribution centres or branches used significant amounts of water.

We implemented a process for tracking the

water usage of all of our Australian distribution centres and branches. Data from this tracking process will enable us to identify and assess potential opportunities for reducing usage. We intend to further improve data collection by including New Zealand distribution centres and branches in the tracking process next year.

Using available data we estimated total water consumption in our Australian distribution centres and branches to be approximately 118 megalitres.

Our total water consumption in the Australian businesses per hundred thousand dollars of sales was estimated to be 13,160 litres.

Our primary water source is scheme water.



John McCutcheon filling an order using a scissor lift trolley at Mullings Fasteners distribution centre in Kewdale, Western Australia.



INDUSTRIAL & SAFETY

REUSE AND RECYCLING

Given the type of business activities that we conduct and our limited water usage, recycling or reuse of water is not a practical option for us at this stage.

DISCHARGES TO SURFACE AND GROUNDWATER

Our newly renovated second warehouse building at the Smithfield distribution centre installed a storm water detention tank as part of the construction project. This retention tank allows large volumes of storm water collected from roof discharge to be released gradually into the storm water system.

WASTE

This is the first time that we have attempted to quantify our waste.

SOLID WASTE

Using available data we estimated our total solid general waste stream during the year to be approximately 112,000 cubic metres prior to compaction. We have estimated this figure based on a sample of the waste generated at selected distribution centres and branches. None of this waste is recycled, but this estimate does not include packaging that is reused for customer deliveries or other materials that are recycled as described below. We will endeavour to implement systems to more accurately record the amount of waste generated during the next year.

Our total solid waste disposed of to landfill per hundred thousand dollars of sales was estimated to be 9.9 cubic metres.

We investigated the practicality of becoming a signatory to the National Packaging Covenant. Given the stage of our management system implementation, we decided to focus on our existing recycling programme rather than undertaking a new external programme.

LIQUID WASTE

The only locations which generated liquid waste were the Wetherill Park (New South Wales) and Malaga (Western Australian) branches of Motion Industries which each have a transmission servicing department generating gearbox oil waste. The oil was collected for recycling by a contractor.

Cooking oil from our largest distribution centre at Smithfield was collected by an individual for the purpose of conversion and reuse as diesel fuel for his own use.



A purpose-built conveyancing system was installed at the Protector Alsafe distribution centre at Smithfield.



RECYCLING INITIATIVES

Wherever possible, we reused packaging materials to despatch goods to our customers, but it was not practicable to record.

The distribution centre at Canning Vale in Western Australia implemented a co-mingling recycling programme for both the warehouse and office. This programme allows a wide variety of different materials to be recycled.

The Blackwoods Regency Park branch in South Australia collects used printer cartridges for recycling.

Our Dandenong steel processing branch in Victoria disposes of steel cut scrap waste through a recycling contractor.

Land

CONTAMINATION

We have not conducted any formal assessments in this area but we believe that, due to the nature of our business activities, land contamination should not be a significant issue for us.

Resource use

ENERGY

Our main use of energy related to electricity used at our distribution centres and other branches and fuel for our vehicles.

We implemented a process for tracking the energy usage of all our branches. Data from this tracking process will enable us to identify and assess potential opportunities for reducing usage.

Total energy consumption for the year was estimated to be 180,684 gigajoules.

Our total energy consumption per hundred thousand dollars of sales was estimated to be 15.9 gigajoules.

Our energy sources are detailed below.

FUEL

Petrol and diesel accounted for approximately 56 per cent of our total energy consumption by gigajoule. Our petrol and diesel consumption was estimated to be 2,917 kilolitres and 43 kilolitres, respectively.

ELECTRICITY

Electricity accounted for approximately 40 per cent of our total energy consumption by gigajoule. Our electricity consumption was estimated to be 20,341,523 kilowatt hours.

GAS

Natural gas and LPG accounted for approximately three per cent of our total energy consumption by gigajoule. Our gas and LPG consumption was estimated to be 5,084 gigajoules and 37 kilolitres, respectively.



SAFETY AND HEALTH

LOST TIME

Our LTIFR was 5.4 (compared with 8.6 last year) and, during the year, there were 32 LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 11 (compared with 12 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 177 workers compensation claims reported, relating to occurrences during the year, compared with 152 last year.

Hazard and risk

PROGRAMMES

Our annual OHSE survey was completed by all of our distribution centres and branches throughout Australia and New Zealand. The National OHSE Manager and Regional OHSE Coordinators completed a review of last year's survey process resulting in improved relevance and accuracy for data collected this year. We have acknowledged the varying sizes, types and associated risks of our outlets by developing a separate survey document for each of large branches and distribution centres, medium-sized branches and small shop front branches.

The hazard/near miss/incident reporting system has been successfully implemented throughout our distribution centres and

branches in Australia and is now used by all levels of employees. Our New Zealand distribution centres and branches utilise a variation on the divisional hazard reporting process based on the same principle of hazard and risk identification in the workplace and the determination of appropriate control measures.

As part of our integrated management system, we have a process available for auditing our OHSE management system. Our Southern Region has begun to implement this process which highlights the risks associated with the activities at branches.

During the year we released a checklist for our General and Regional Managers to utilise when assessing a branch for OHSE compliance against internal systems. General and Regional Managers are encouraged to use this process to improve their awareness of areas for improvement in various branches.

EMERGENCY RESPONSE

We have committed to reporting on our crisis management processes through a risk review compliance report to be prepared in December 2004. It will include the likelihood of occurrence and possible outcomes of various emergencies. A risk management workshop will be conducted with our senior managers in October by an external crisis management consultant.

MATERIALS HANDLING AND STORAGE

We had 75 manual handling injuries compared with 69 last year. Of these, 52 were recorded in Australia compared with 59 last year and 23 were recorded in New Zealand compared with 10 last year. The increase in New Zealand is partly due to

the increased number of employees arising from the Paykels acquisition.

Our employees are involved in various materials handling and storage activities including unloading, packing, unpacking, and storage of products. When upgrading or constructing a new building, the issue of materials handling is considered using a risk management approach. Our Scoreby and Smithfield distribution centres have utilised mechanical conveyors to reduce the need for manual handling as far as reasonably practicable. A key focus over the last year has been completing risk assessments of specific sites to identify risks such as manual handling.

Equipment appropriate to the materials handling task is available at our branches. Mechanical and other material handling aides such as forklifts, pallet jacks and trolleys assist in reducing the frequency of manual handling.

Pallet racking designed for warehousing is installed at distribution centres and branches throughout Australia and New Zealand. Other systems of storage such as conventional warehouse shelving and racking are installed according to the product type. A Pallet Racking Safety Inspections Procedure and associated checklist was developed during the year to assess the safety of existing racking.



Operating a safety swing gate on a mezzanine level in the Mullings Fasteners distribution centre at Kewdale.



INDUSTRIAL & SAFETY



April Ridley from Protector Alsafe, using a hands-free telephone headset which helps reduce neck and shoulder tension.



RISK ASSESSMENT

Detailed site-specific risk assessments were developed further during the year. We have risk assessments for 114 of our Australian branches which recommend control measures that need to be put in place. Remaining branches have the completion of a risk assessment on their action plan to be implemented under the direction of branch and regional management. In New Zealand, 65 branches have completed hazard assessments in line with legislative requirements.

An assessment of the activities associated with the Blackwoods Trade Fair, held in December 2003, was conducted to identify significant risks for employees, exhibitors, customers and other people involved in the event. Control measures such as OHS briefings for our employees were undertaken to ensure the risks involved with unfamiliar tasks were reduced.

EMPLOYEE WELLBEING

Our integrated OHSE management system includes policies to address various employee wellbeing issues including:

- smoking;
- health assessment;
- drugs and alcohol; and
- rehabilitation.

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 is professional, confidential and free of charge to employees and members of their immediate families.

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 written OHSE-related complaints during the year.

Communication

NEWSLETTERS AND REPORTS

Our internal newsletter 'WISBANG' is communicated monthly to all employees through our portal communication system. OHSE performance is reported in the newsletter to ensure employees are kept updated with current OHSE status and events.

Our Protector Alsafe trading stream also had its own national two-monthly internal newsletter to specifically report on the performance of the business including OHSE performance.

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.bakers.net.au
- www.protectorsafe.com.au
- www.protectorsafety.co.nz
- www.packaginghouse.co.nz
- www.nzsafety.co.nz

COMMUNITY SUPPORT

We have continued to provide support to a large number of community and social organisations. Examples of these are:

- Cancer Fund relay for life;
- Variety clubs;
- Lions clubs;
- Westpac Rescue Helicopter; and
- Freemasons Victoria for "Working Tools for East Timor" project.

At the Blackwoods Trade Fair held at the Olympic site in Homebush during December 2003, a golf putting area was constructed where we were able to raise a total of \$11,000 which was donated to the Westmead Children's Hospital.

We provided awards in the form of merchandise and cash prizes for Apprentice of the Year and other training excellence awards through our Protector Alsafe Rockhampton, Bakers Hamilton and Blackwoods Lismore branches. We donated student prizes to Wodonga TAFE through our Protector Alsafe Albury branch.



INDUSTRIAL & SAFETY

PRIORITIES FOR THE FUTURE

- IMPROVE OUR SAFETY PERFORMANCE BY AT LEAST HALVING OUR LTIFR EACH YEAR WITH A TARGET OF ZERO LTIS.
- CONDUCT TRAINING FOR THE "PEOPLESOFT" OHSE MODULE.
- IMPLEMENT AN ENERGY REDUCTION STRATEGY.
- ESTABLISH ACCURATE MEASUREMENT SYSTEMS FOR WASTE.
- CONDUCT REVIEWS OF MAJOR DANGEROUS GOODS STORAGE AREAS.
- REDUCE THE MANUAL HANDLING INJURY RATE.
- IDENTIFY OPPORTUNITIES TO INCREASE RECYCLING.

Inside the redeveloped warehouse at Smithfield.



A major renovation of a 13,000 square metre second warehouse building at our distribution centre in Smithfield was undertaken in October 2003 to transform it into a multi-branded warehouse facility for three trading streams – Blackwoods, Motion Industries and Protector Alsafe.

Project management included securing and assessing risk management evidence from proposed contractors. Contractors provided safety management plans and safe work method statements as part of the tendering process ensuring the risks and appropriate controls associated with construction had been identified.

They attended safety briefings prior to work beginning. These briefings communicated potential hazards and our commitment to maintaining safe and healthy workplace. No contractor injuries were reported for the duration of the project.

A second phase of risk assessment was undertaken to identify risks associated with storage and order picking activities in the renovated warehouse. Reducing manual handling activities was achieved by the installation of a conveyor system. This newly renovated warehouse will become the OHSE benchmark in our Central Region which covers New South Wales and the Australian Capital Territory.

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 500 people. CSBP Chemicals' core products include: ammonia; ammonium nitrate; sodium cyanide; chlorine; caustic soda and sulphuric acid. CSBP Fertilisers manufactures, imports and distributes an extensive range of phosphate, nitrogen and potassium fertilisers, in blended and liquid form.

The operations of our sodium cyanide production joint venture, Australian Gold Reagents Pty Ltd, are also included in this report.

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 managing the groundwater at our Bayswater site and progressing with remediation plans, constructing our pilot wetland and supporting the development of the Kwinana Water Reclamation Plant, and commissioning our ammonia/arsenic groundwater treatment plant at Kwinana.

A system to intercept groundwater prior to it migrating across the southwest boundary of the Bayswater site was implemented in March 2004.

We established a pilot nutrient stripping wetland which will assist in further reducing nitrogen in our wastewater. Construction of the Water Corporation's Kwinana Water Reclamation Plant (KWRP) progressed during the year.

The ammonia/arsenic groundwater treatment plant at our Kwinana site was commissioned during the year.

The two main safety areas on which we focused our attention during the year were safety awareness programmes aimed at reducing workplace injuries and employee training and development.

Reducing our workplace injuries involves a commitment from every employee. We achieved a reduction in injuries and we believe that this is due to an increased commitment to safety across the business. We have seen a pleasing 32 per cent

Environmental Advisor Mark Germain inspecting sedge grasses at the nutrient-stripping wetland, Kwinana, Western Australia.



LOST TIME INJURY FREQUENCY RATE

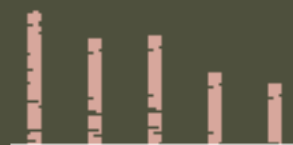
00	01	02	03	04
1.7	5.8	8.8	5.4	2.4

1 July 99 - 30 June 04 (as at 30 September 04)
*Contractor hours and LTIs included



NUMBER OF WORKERS COMPENSATION CLAIMS

00	01	02	03	04
39	33	34	22	19



03

decline in the number of workplace injuries this year and achieved our target of at least halving our LTIFR.

This year saw the continued development of our training and development programme with the primary focus being on ensuring operator competencies are maintained. The development of more efficient and consistent training was investigated and resulted in the development of several CD ROM training packages.



BUSINESS MANAGEMENT

Training

Our training matrix allows for each business unit to identify training requirements for each employee in the operations areas. The matrix provides team leaders and managers with cost estimates for budgeting and working hours required to achieve the planned training.

Two traineeships have been established in the operations area. The trainees are enrolled in Certificate III in the National Chemicals, Hydrocarbons and Oil Refining training package.

This year saw the introduction of generic competency training modules for safety and environmental issues. These are incorporated into the current training modules.

ENVIRONMENTAL

During the year we began the development of an environmental training plan to assist in ensuring that our existing environmental training is conducted in a coordinated manner. We will utilise existing internal communication methods to assist with implementation of this plan which will continue to develop employee environmental awareness.

HEALTH AND SAFETY

First aid training is available to our employees with classes conducted regularly. This remains a priority as it provides personnel who can apply first response techniques in an emergency. It is also a benefit to employees' families and the community.

Strain injuries account for more than 30 per cent of all of our workplace injuries, so a continued focus on manual handling training is vital. Along with ongoing refresher training conducted at "tool-box" meetings this year, we conducted strain prevention training. It focused on ensuring

2003 REPORT PRIORITIES

At least halve our LTIFR and continue reducing workplace injuries.

Continue projects working towards reducing contaminant emissions, particularly at Kwinana through the Kwinana Water Reclamation Plant (KWRP) and a planned nutrient stripping wetland.

Obtain endorsement for our four revised safety reports for our major hazard facilities.

Continue to work safely and effectively to deal with our historic wastes by 2006.

Increase the use of recycled water and contribute to reduced scheme water use in Kwinana.

Maintain our contribution to the social wellbeing of the Western Australian community.

that our employees understood what they could do to limit the impact that their work environment had on their bodies.

All new employees and contractors are required to complete our 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 all personnel are aware of the hazards in their particular place of work. This year we developed our first CD ROM induction package for the sodium cyanide and chlor alkali areas and we will use this technology for other training packages in the future. It is a significant advance in assuring quality and consistency in our training delivery. Training for all new safety representatives was undertaken by accredited providers.

All employees undergo vocational training to meet the requirements of their position with competencies measured against national standards where available. A comprehensive competency training reassessment programme is in place for all process operators and maintenance employees to ensure skills remain current and up to date with any changes.

04 ↓

OUTCOMES

Achieved. Our LTIFR for employees was 1.9 compared with 4.8 last year. We reduced our workplace injuries by a further 32 per cent from 50 to 34.

Achieved. Our \$600,000 pilot nutrient stripping wetland commenced operation in June 2004. The KWRP was commissioned in August 2004.

Partly achieved. Three of the safety reports have been endorsed and the fourth is with the DoIR for consideration.

Achieved. We continued to develop options for dealing with our historic waste stockpiles.

Achieved. We increased the use of recycled water at our Kwinana site. We continued to provide artesian water to Tiwest which contributes to a reduction in scheme water use in Kwinana.

Achieved. As a major employer and a major purchaser of goods and services in Western Australia we continue to have a strong community programme based around our major operations.



Ron Wilkie and Mark Germain analysing treated water from the arsenic groundwater remediation project at Kwinana.



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 to provide responsible 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 to government agencies. During the year we conducted two exercises involving customers, service providers, local communities and emergency services agencies. Members of the emergency response team also participated in two major desktop exercises with other industries.

The structure of the first response competencies was finalised and training plans were put in place for all operational staff.

Four additional fire alarm systems, covering eight buildings, and an upgraded main fire panel were installed at Kwinana.

At Kwinana and our regional sites we maintained strong links with Western Australia's emergency management authorities as a key part of our response strategies.

We are actively involved in Local Emergency Management Committees for both Rockingham and Kwinana as well as being a part of the Kwinana Industries Mutual Aid group and the Kwinana Industries Public Safety Group.



A major maintenance shut down of the ammonia plant during the year required detailed planning and regular team meetings.



Compliance

ENVIRONMENTAL

A number of environmental laws and regulations apply to our business operations. We are not aware of any non-compliance with environmental legislation or other environmental requirements, except as set out below and in the noise section of this report.

We reported 16 potential non-compliances to the Department of Environment (DoE) during the year.

- Five related to stack testing on our sodium cyanide solids plant at Kwinana which had emissions of ammonia higher than the individual stack limit. On each occasion the emissions for the entire production process, including the two liquids plants, were less than the total allowable emissions for the entire production process.
- Two related to emissions of nitrous oxides from the auxiliary boiler on the ammonia plant at Kwinana. On both occasions the tests were repeated and the results were within licence limits.
- Two related to emissions of fluoride from the granulation plant at Kwinana during a trial conducted using new raw materials. The DoE was notified of our intent to conduct this trial prior to it commencing. Emission sampling during the trial showed emissions above the licence limit. In each case technical staff supervised the process and the trial ceased when it became clear that the fluoride emissions were an issue.
- Two related to emissions of fluoride from the superphosphate plant at Albany where the stack was not working as designed due to a malfunction of a drain. After this was corrected tests were within licence limits.
- One related to an emission of particulates from the prilling plant pre-dryer stack at Kwinana. The test was performed when the production rate was unusually low. The test was repeated when production had increased and was below licence limits.
- One related to the sample line for discharges to Cockburn Sound not being changed over for one day. The sample therefore represented two days of discharge, but was below licence limits.
- One related to the NOx analyser on the number two sodium cyanide plant at Kwinana operating less than 90 percent

of the time for the month of November due to failure of a dilution probe. The analyser has since been upgraded and we have reviewed our contract with the maintenance providers. Process trends during the two outage periods indicate that there was no increase in NOx emissions.

- One related to a small exceedance of our groundwater abstraction limit at Bibra Lake in Western Australia. We have installed a flow meter on the line and reviewed our irrigation schedule.
- One related to a small exceedance of copper in the average daily composite sample of discharges to Cockburn Sound.

The DoE has advised that no further action will be taken with regard to all of the above matters other than that related to fluoride emissions at Albany and the copper discharge to Cockburn Sound which are still being discussed with the department. No further action is being taken in relation to each of the outstanding matters referred to in this report last year.

NATIONAL POLLUTANT INVENTORY (NPI)

Emissions were estimated for substances listed on the NPI. Data for the 2002/2003 reporting period was submitted to the DoE. Detailed information is available at: www.npi.gov.au. Except for nitric acid emitted from our Kwinana site which was ranked as "medium", all our substance emissions for last year were ranked by the NPI as "low".

HEALTH AND SAFETY

We are not aware of any non-compliance with health and safety legislation or other health and safety requirements and nor are we aware of any official enquiries, prosecutions or official complaints against us in relation to our occupational health and safety activities.

All regulations and standards that apply to our business are monitored by Freehills, a national law firm, which provides quarterly updates ensuring that we are aware of all changes.

A gap analysis audit of our Safety Management System (SMS) against AS/NZ 4801 was conducted in April 2004. Corrective actions were raised as a result of the audit and implementation of these actions has begun. Internal audits of our Safety Action Plans occur in all operational areas annually. The results of these audits are presented to the Executive Safety and Health Committee.

All emergency response team members were medically and physically assessed and considered fit for this role in accordance with the requirements of Department of Industry and Resources (DoIR).

Operational staff undergo entry and exit audiometric testing in accordance with WorkSafe guidelines.

External audits of the Safety Reports for our Major Hazardous Facilities (MHF) occur every 18 months.

LICENSING AND APPROVALS

All relevant licences including Environmental Protection Act, Rights in Water and Irrigation Act, Poisons Act, Dangerous Goods and National Industrial Chemicals Notification Assessment Scheme licences were renewed. In addition, a number of approvals were sought relating to specific projects. These included the:

- upgrading the ammonia plant at Kwinana to enable an increase in production to 745 tonnes per day;
- increasing storage for solid sodium cyanide at Kwinana;
- extracting groundwater at our Bayswater site as part of the remediation project; and
- upgrading our chlor alkali plant at Kwinana.

In each case the relevant approval was granted.

We also sought to consolidate the Ministerial Conditions for our ammonia plant and our sodium cyanide facilities. The former has been completed and the latter is well advanced.

Management systems

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

Our EMS is consistent with the international standard ISO 14001. It continues to assist us in managing some of our environmental compliance tasks through an electronic reminder system and in recording actions taken in relation to our environmental risks. We do not intend to seek accreditation to ISO 14001 at this stage.

QUALITY SYSTEM

We maintained our certification to AS/NZS ISO 9001:2000 for the chlor alkali and ammonium nitrate processes. This involved

two satisfactory external audits. We also maintained an internal audit programme and performance review on our quality system. We conducted 19 internal audits during the year.

The introduction of the bronze valves on cylinders at the chlor alkali plant is complete. These valves reduce the potential for corrosion and the need for maintenance.

The Kwinana laboratory was re-assessed by the National Association of Testing Authorities (NATA) and accreditation was continued. A number of issues that relate to the new quality management systems standard ISO/IEC 17025 were raised. The main one was in relation to measurement uncertainty for analytical procedures. We will complete this project by the NATA deadline of October 2004. Of the 12 urgent actions relating to AS2243 referred to in last year's report 11 have been completed.

The laboratory staff have taken an active role in NATA and the Royal Australian Chemical Institute (RACI) branch activities.

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 (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 specific to its area. This year we introduced a system of self-auditing for support departments with external audits being conducted on operational areas.

The development of our risk and hazard register has progressed. We completed the section on major hazard contributors for our major hazard facilities and other areas have been partially completed and entered into the Sitesafe database.

The management of chemicals on site was improved this year by the introduction of 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 to relevant safety data. Chemical surveys have been completed in most areas providing a summary of the chemicals used.

We have four major hazard facilities, as defined under the WorkSafe National Standard "Control of Major Hazardous



My linh Tran (left) and An Tran at the Soil and Plant Analysis Service at Bibra Lake in Western Australia.



Facilities". These are our ammonia, sodium cyanide, chlor alkali and ammonium nitrate plants and associated facilities located at our Kwinana site. 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 DoIR for endorsement and are externally audited on a regular basis. Our revised ammonia safety report was endorsed this year.

This year we submitted a further revised ammonium nitrate safety report to the DoIR for endorsement and are awaiting feedback.

As a producer of raw materials for explosives and a range of other potentially hazardous chemicals, we continued our focus on security.

Through adhering to our values and the Responsible Care codes, our business has developed and maintains systems and behaviours that commit us to handling and dealing with our chemical products properly at all levels, from sourcing and manufacture through to transport, distribution and end use.

OTHER/INTERNAL MANAGEMENT SYSTEMS

The SiteSafe database is used for the recording of all incidents and hazards identified in the workplace. The database is intranet-based with all steps in the incident management process being completed online. The system assists in managing actions required as a result of an incident by sending email reminders and escalating actions that are not completed by the due date. Statistical information is easily retrieved from the database to indicate trends and to track outstanding actions.

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 Plastics and Chemical Industry Association (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.

We reviewed our conformance to these codes through self-assessments during the year with satisfactory compliance and some will be subject to external verification next year. We will be promoting the codes during the next year to improve employee awareness. Through this association we contribute to developing or commenting on a number of relevant policies such as the Voluntary Code of Conduct for the distribution of ammonium nitrate, the PACIA Carrier Accreditation Scheme in Western Australia and major hazard facilities, dangerous goods and security issues in the chemicals industry. We are actively represented at Board and Council level in PACIA.

We are an active member of the Fertilizer Industry Federation of Australia (FIFA) which enables us to participate in addressing issues with other manufacturers, importers and distributors.

We participated in a Water Corporation trial of a water auditing tool which prompts a review of systems and performance to identify areas for improvement to assist in managing water use. We and the Water Corporation participated in reviewing our existing monitoring, management systems and our performance in areas such as water use efficiency. We received a rating of three on a scale of one (poor) to five (excellent). The exercise was worthwhile and identified areas for improvement such as establishing water reduction targets and conducting water conservation awareness activities. We intend to repeat the exercise next year.

We continue to sponsor the Chair of Cleaner Production at Curtin University.

ENVIRONMENTAL

During the year we submitted our Environmental Quality Assurance Manual to the DoE. This manual outlines the methods and practices to sample, collect, and manage our environmental information.

The DoE has recently released a Draft Code for monitoring environmental emissions and we will engage proactively with the department on this initiative.

Air

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 in the NPI.

DUST

Our dust emissions are associated with particulate emissions from our 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 2004.

Dust from all sources reported under the NPI last year (to 30 June 2003) was 230 tonnes, not 237 tonnes as stated in this report last year.

ODOUR

During the year we had three odour complaints related to emissions from our granulation plant at Kwinana. The emissions were sampled on a monthly basis and were within all licence limits except on two non-compliances described earlier in this report.

We had two odour complaints related to our Albany superphosphate plant where the stack was not working as designed due a malfunction of a drain. These non-compliances are described earlier in this report.

GREENHOUSE GAS EMISSIONS

We are a participant in the Commonwealth Government's Greenhouse Challenge Programme.

Our direct greenhouse gas emissions during the year from sources within our site boundaries and vehicle fuel use were estimated to be 1,242,244.1 tonnes of carbon dioxide equivalent, down 0.75 per cent on last year. This figure includes the following emissions expressed as CO₂ equivalents :

- 696, 542.1 tonnes of nitrous oxide (N₂O);
- 92 tonnes of perfluorocarbons (PFCs); and
- 143.4 tonnes of sulphur hexafluoride (SF₆).

In addition, our indirect greenhouse gas emissions during the year from imported electricity, heat, steam and gas, the production and distribution of petroleum products and waste disposed off-site, were estimated to be 33,626.2 tonnes of carbon dioxide equivalent, up 0.34 per cent on last year.

Our greenhouse gas emissions are largely due to our ammonia plant (approximately 30 per cent) and nitric acid plant (approximately 55 per cent). The reduction in emissions in 2003/2004 related to a planned shutdown of the ammonia plant and slightly lower nitrous oxide emissions from the nitric acid plant.

FIGURE 1: PRILL PLANT STACK EMISSIONS (GRAMS PER CUBIC METRE)

	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
TOWER	0.014	0.013	0.021	0.024	0.028	0.015	0.020	0.019
PREDRYER	0.235	0.177	0.132	0.080	0.186	0.117	0.114	0.111
DRYER	0.363	0.253	0.138	0.168	0.127	0.145	0.094	0.058

Licence Limits: dryer 0.35 g/m³; tower and predryer 0.25 g/m³

Our total (direct and indirect) greenhouse gas emissions per tonne of fertiliser and chemical production were estimated to be 0.86 tonnes of carbon dioxide equivalent, down 0.72 per cent on last year.

NOISE

During the year we conducted surveys of our ammonia and sodium cyanide plants. The noise regulations are in the process of being reviewed to potentially increase the industry-to-industry boundary level limits from 65dBA to 70dBA. If the noise level limits are increased we will comply with the noise regulations at our boundary. The DoE is consulting stakeholders in regard to the planned changes.

We remain a member of the Kwinana Industries Council (KIC) noise management group. Through the KIC we contribute to the noise modelling for the Kwinana Industrial Area. Next year we will contribute to a KIC review of the noise model and conduct noise measurements to verify the model.

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 2003/2004 reporting period or finalised our data estimates, however in 2002/2003 our three largest emissions were carbon monoxide (410,000 kilograms to air), ammonia (330,000 kilograms to air and water) and oxides of nitrogen (NOx) (240,000 kilograms to air). Further information is available at: www.npi.gov.au. Except for nitric acid emitted from our Kwinana site which was ranked as "medium", all our substance emissions for last year were ranked by the NPI as "low".

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.

Particulate

Particulate emissions of ammonium nitrate from our prilling plant were below licence limits for the dryer and tower stacks (see Figure 1). Our pre-dryer stack had one test marginally above the limit of 0.25g/m³ which is described earlier in this report.

We conduct tests on a more regular basis than required by the licence. We initiated deposition sampling and commissioned the modelling of particulate emissions from the prilling plant outlined in last year's report.

Sulphur dioxide

During the year we again contributed to the KIC's SOx ambient monitoring although we ceased to be a point source emitter of SOx when our Kwinana sulphuric acid plant ceased production in 2000. We will not be part of this KIC programme in future.

Chlorine

Our chlor alert monitoring system was activated 105 times during the year. These monitors are situated throughout the chlor alkali plant and sound an alarm when chlorine is detected (they are set at levels 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. Our existing chlor alkali plant storage area is being modified to meet current standards.

Water

CONSUMPTION

The main use of water at our Kwinana, Albany and Esperance sites related to our production processes, particularly the cooling towers at Kwinana. Total water consumption for Kwinana, Albany and Esperance sites was 4,289 megalitres, up 11 per cent on last year. Total water consumption for these sites per tonne of fertiliser and chemical produced was estimated to be 0.003 megalitres, the same as last year. Water sources included scheme water (approximately three per cent), groundwater abstracted through bores (approximately 97 per cent) and reused/recycled water (approximately 0.5 per cent) and demineralised permeate water from Western Power. Of the above total extraction approximately 800 megalitres was supplied to Tiwest to displace scheme water.

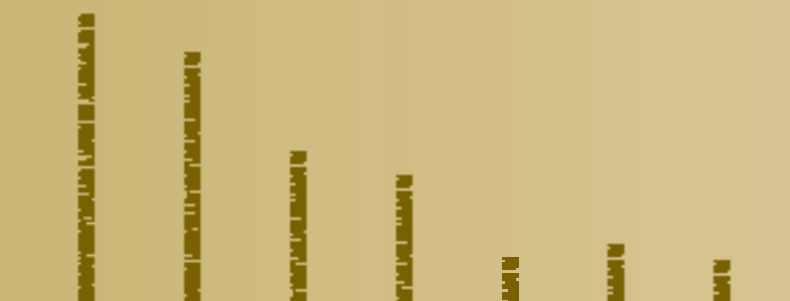
The main use of water sourced from scheme and bore water at non-production sites related to domestic use and irrigation. We have significantly reduced our use of scheme water in recent years, see Figure 2 below.

We continued to provide sub-artesian water to Tiwest, a neighbouring industry, to replace the use of scheme water in its processes. As a result our extraction of sub-artesian groundwater is higher than it would otherwise be, but results in a reduction in scheme water use.

FIGURE 2: KWINANNA SCHEME WATER REDUCTION (KILOLITRES)

97/98	98/99	99/00	00/01	01/02	02/03	03/04
785,500	649,836	366,274	276,196	106,843	160,656	101,143

(Source: Water Corporation)



REUSE AND RECYCLING

Construction of the Water Corporation's Kwinana Water Reclamation Plant (KWRP) progressed during the year. The project will enable industry to use treated wastewater from the Woodman Point treatment plant which will in turn reduce the industrial use of scheme water. KWRP began operation in August 2004. As a result, use of reused/recycled water will increase and use of groundwater will be further reduced. The disposal of wastewater from industry to the Cape Peron Outfall, which is the second phase of the KWRP, is subject to Environmental Protection Act processes. This second phase will enable discharges to Cockburn Sound to cease 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

Activities on all our sites are focused on minimising discharges to surface and groundwater which we monitor.

Our Bunbury site captures run-off generated on site for irrigation purposes. There were no discharges to the Preston River. We continue to monitor the Preston River upstream and downstream of the discharge point.

Contaminant discharges to Princess Royal Harbour from our Albany site increased during the year. Phosphorous increased from 85 kilograms last year to 208 kilograms this year. Nitrogen discharges increased from 2,412 kilograms last year to 2,999 kilograms this year. Fluoride discharges increased from 285 kilograms last year to 568 kilograms this year, reflecting in part recommencement of fertiliser production. We have investigated the increase in our discharges and we believe it to be predominantly associated with an overestimate of the flow related to equipment error. This piece of equipment has been replaced and we will be discussing this issue with the DoE.

During the year we submitted to the DoE a nitrogen effluent reduction plan for discharges from our Albany site. The plan summarised our investigations over a number of years and proposed actions to address this issue. They include the reuse of wastewater in the process during the production run when the concentration of nitrogen is highest. This will be initiated in early 2005. Our preferred option for managing the wastewater is discharge to

FIGURE 3: HEAVY METAL DISCHARGES TO COCKBURN SOUND (KG/YR)

	99/00	00/01	01/02	02/03	03/04
Arsenic	1,232.7	11.9	5.9	4.6	1.5
Copper	333.8	102.6	5.7	1.4	1.7
Manganese	237.3	98.7	16.9	24.5	16.8
Molybdenum	525.7	145.2	3.4	1.2	0.0
Zinc	470.1	589.3	996.1	862.7	295.6

Targets (kg/yr) for 2003/2004 calculated from the Monthly Average Daily Load limit contained in our EP Act Licence were Arsenic 16.4kg, Copper 87.6kg, Manganese 87.6, Molybdenum 365kg, Zinc 1825kg

the reticulated mains sewerage system as this will divert all discharges from Princess Royal Harbour to a tree farm. We continue to discuss this with the Water Corporation and other industries.

At our Kwinana site:

- discharges of metals have reduced from last year with the exception of copper which increased slightly from 1.4 kg last year to 1.7kg this year (see Figure 3);
- nitrogen discharges have increased from 38,606 kilograms last year to 40,580 kilograms this year;
- phosphorous discharges have reduced from 7,252 kilograms last year to 6,368 kilograms this year; and
- fluoride discharges have increased from 4,927 kilograms last year to 5,327 kilograms this year.

The increase in nitrogen emissions largely related to the commissioning of the ammonia plant following its lengthy maintenance shutdown. We continue to review on-site monitoring to determine nutrient sources that contribute to off-site discharges.

We completed construction of a pilot nutrient stripping wetland which will assist in further reducing nitrogen in our wastewater. Wastewater can now be pumped from the containment ponds to the wetland before being returned to the containment ponds for discharge to Cockburn Sound. The wetland is designed to promote biological processes that are expected to reduce nitrogen by up to 50 per cent. The one hectare pilot wetland was planted with sedge grasses by the Bennett Brook Catchment Group. This first cell of the wetland will be used for two years in order to test combinations of effluent levels and its efficiency. At the end of two years, we will assess the effectiveness of the wetland and decide whether to proceed with up to four cells, covering more than 6.5 hectares.

Waste

SOLID WASTE

Our total solid general waste stream from Kwinana during the year was estimated to be 748 tonnes (approximately 972 cubic metres), down 12 per cent on last year. Of this amount, 28 per cent was recycled and 72 per cent was disposed of to landfill.

Our total solid waste disposed of to landfill per tonne of fertiliser and chemical production was estimated to be 0.4 kilograms, which was down 0.2 per cent on last year.

We continued to reduce our solid waste stockpiles. Our initiatives during the year included

- disposing of neutralised fluoride-containing residues from our Bunbury (8,155 tonnes) and Kwinana (997 tonnes) sites to approved landfills;



The gypsum stockpile at Leda, Western Australia.



- disposing of 2,578 tonnes of bricks from our sulphuric acid plant at Geraldton to an approved landfill;
- disposing of 145 tonnes of pond solids from our Geraldton site to an approved landfill;
- disposing of 1,117 tonnes of bricks from our sulphuric acid plant at Kwinana to an approved landfill; and
- disposal of 2,800 tonnes of sulphur filter residues from our Kwinana site to an approved landfill.

We also removed six underground tanks from our Kwinana site and four from Bayswater. We now have no underground tanks on these sites.

We continue to actively pursue beneficial use options for the stockpile of gypsum at our Wellard Road site in Leda. We have an agreement with Manna Enterprises to blend the gypsum with lime kiln dust and market this product as a soil ameliorant. Relevant environment and planning approval applications have been submitted for the project which we hope to begin in the latter part of 2004. Alcoa continues to take substantial quantities of gypsum from the stockpile, removing 11,495 tonnes this year. Alcoa uses the gypsum as a soil conditioner in its residue disposal ponds to enhance and promote rehabilitation. A large portion of the property contains a functional wetland system. It is our intention to eventually donate this land to CALM for conservation purposes when the gypsum is removed.

We began modifying our procedures to accommodate the revised Environmental Protection Act Controlled Waste Regulations which came into effect on 1 July 2004.

We audited six disposal sites we used, with a view to ensuring that each site appropriately manages associated environmental issues and regular audits will continue to be conducted.

We are an active member of the KIC Eco Efficiency Group (previously the KIC Sustainability Group). The group aims to contribute to leadership in sustainable development by improving the overall eco-efficiency of the Kwinana Industrial Area.

We completed 18 of the 21 actions outlined in our cleaner production action plan which is part of our commitment to the Western Australia Cleaner Production Statement. The actions included initiatives to reduce water consumption, energy use and waste generated. The plan is available on the Western Australian Sustainable Industry

Group website www.wasig.curtin.edu.au and will be reviewed and updated during the next year.

LIQUID WASTE

Our total liquid general waste at Kwinana discharged to Cockburn Sound and disposed off-site during the year was estimated to be 963,651 kilolitres, down 7.1 per cent on last year. This figure includes rainwater runoff. Liquid waste disposed off-site is taken to a licensed treatment facility.

Our wastewater reuse between plants at Kwinana was estimated to be 11,500 kilolitres, down 4.3 per cent on last year. We also reuse wastewater within most plants, but we do not currently measure this. We plan to implement a method of measuring wastewater reuse within plants during the next year.

Our liquid waste at Kwinana comes primarily from the cleaning of drains and sumps. The need for disposal increases in winter due to the collection of rainwater in some sumps and occasional pump failure. At Kwinana we sourced additional liquid waste storage during the year to address risks associated with the limited liquid waste disposal options in Western Australia. We are involved in the Core Consultative Committee on Waste which aims to provide advice and promote open discussion about waste management issues. This initiative specifically aims to facilitate a stakeholder involvement program to establish new and better hazardous waste treatment facilities in Western Australia, within a broader framework of minimising hazardous waste generation and regulating hazardous waste more effectively.

Our Albany site discharged 129,658 kilolitres of wastewater to Princess Royal Harbour, up 40 per cent on last year. This figure includes rainwater runoff.

Our total liquid waste from our Kwinana, Albany and Esperance production sites discharged and disposed off-site per tonne of fertiliser and chemical production was estimated to be 0.74 kilolitres, up 0.4 per cent on last year.

Liquid waste was not a major issue for our Bunbury and Geraldton sites.

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 and scrap metal.



Kane Bennett taking soil samples at Kwinana as part of the preliminary site investigations required by Western Australia's contaminated sites legislation.



Land

FLORA AND FAUNA

We continued to participate in the Feral Pigeon Control Group at Kwinana 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 through preventative actions to try and minimise roosting and breeding on the premises and by limiting potential food sources. This is achieved through regular inspections and by restricting access to roosting areas within buildings.

CONTAMINATION

We are in the final stages of completing the Public Environmental Review (PER) for the remediation of the former Cresco fertiliser site in Bayswater. This will detail the final remediation strategy for the site which is likely to take four to five years to complete. The document became available in September 2004 for an eight week public

comment period. Copies of our completed submissions and work to date are available on our website (www.csbp.com.au).

The three main issues that require remediation are:

- the presence of contaminated soil;
- impacted groundwater; and
- considerable quantities of asbestos in existing buildings.

The soil contamination is due to the presence of iron cinders (iron oxide) which was a by-product of past production of superphosphate fertiliser at the site and heavy metals. The iron cinders contain elevated levels of heavy metals in some areas. These areas have been identified and will be removed as part of the remediation process. Significant work has been undertaken in an attempt to minimise the amount of material that may have to be disposed of to landfill by maximising the amount of the material that could be reused as a usable product. This work will continue next year. At a minimum, all material that exceeds prescribed levels for industrial/commercial land use will be removed to enable the safe redevelopment of the site.

Over a number of decades, the contaminated material has affected groundwater under the site. Removing the

contaminated soil will eventually improve the quality of the groundwater, but in the meantime we have implemented a system to recover the groundwater, prior to beginning to treat it next year. A system to intercept groundwater before it migrates across the south west boundary of the site was designed and approved in late 2003 and implemented in March 2004. The recovered groundwater is being re-infiltrated on the site and a lime-dosing treatment plant is being designed that will remove metal contaminants from the water.

The asbestos removal process will be conducted towards the end of the site remediation programme, when the buildings are no longer required.

Other remediation work at the site during the year has focused on removing above ground wastes and materials that do not form part of the remediation subject to the PER. The work completed includes:

- demolition of the former rock shed (adjacent to Railway Parade) and a number of other minor derelict structures;
- removal of all underground fuel storage tanks by licensed contractors including environmental validation test work confirming that the surrounding soil is not contaminated with hydrocarbons; and
- recycling or disposal of various wastes, such as quantities of herbicides, pesticides, grease, oils, tyres, scrap metal and wood, according to appropriate environmental guidelines.

Public consultation meetings were held in September and December 2003. Newsletters were produced for both meetings, which were extensively promoted through letterbox drops and local papers in the area. These processes will continue as appropriate through the remediation process.

Town of Bassendean councillors were briefed on the project at a public meeting in January 2004. Meetings were also held with local government officers from the City of Bayswater and Town of Bassendean in 2003 and 2004. The Hon. Clive Brown, Member for Bassendean, was briefed on the project in December 2003 and the Swan River Trust was provided an outline of the project in February 2004.

A number of on-site consultation meetings were conducted with representatives from indigenous groups during March 2004.

The next community consultation meeting will be held during the time that the PER is open for public comment.

The wastewater treatment plant for the ammonia/arsenic groundwater plume at Kwinana was commissioned in May 2004. 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 three years.

Resource use

ENERGY

Our main use of energy during the year related to the use of natural gas in our ammonia and sodium cyanide plants and the use of electricity in our chlor alkali plant.

Total energy consumption was estimated to be 9,698,695 gigajoules, down 0.26 per cent on last year.

Our total energy consumption per tonne of fertiliser and chemical production was estimated to be 6.54 gigajoules, down 0.08 per cent on last year.

Our energy sources are detailed below.

FUEL

Petrol and diesel accounted for approximately 0.2 per cent of our total energy consumption by gigajoule. We consumed 263,695 litres of petrol and 277,137 litres of diesel during the year.

ELECTRICITY

Electricity from the integrated grid accounted for approximately one per cent of our total energy consumption by gigajoule. We consumed 27,556,913 kilowatt hours of electricity during the year.

GAS

Natural gas and LPG accounted for approximately 98.77 per cent of our total energy consumption by gigajoule. We consumed 9,578,296 gigajoules of natural gas and 57,507 litres of LPG during the year.

OTHER MATERIALS

Our other raw materials are phosphate rock, sulphuric acid, salt, water, caustic soda, sulphate of ammonia, standard mono ammonium phosphate and ammonia which we manufacture from natural gas.



Adam Speers and Frank Longbottom inspecting the groundwater treatment system at the former Cresco fertiliser site at Bayswater in Western Australia.



SAFETY AND HEALTH

LOST TIME

Our LTIFR for employees was 1.9 (compared with 4.8 last year) and there were two LTIs. Including contractors, our LTIFR was 2.4 (compared with 5.4 last year) and there were four LTIs. Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 12.5 (compared with 9.8 last year) for employees. There was a further 32 per cent reduction in workplace injuries from 50 last year to 34 this year. See Figure 4, below:

FIGURE 4: WORKPLACE INJURIES

00	01	02	03	04
-	78	103	50	34



Safety statistics are distributed and discussed by management as the first agenda item at all executive management meetings and reported at all board meetings.

WORKERS COMPENSATION

There were 19 workers compensation claims reported, relating to occurrences during the year, compared with 22 last year. We continue to actively manage the return to work of all injured employees with services provided by our Occupational Health Nurse and visiting medical practitioner.

Hazard and risk

PROGRAMMES

We have a number of methods by which we identify hazards, make assessment of risks and ensure adequate controls are in place to ensure we protect personnel, plant and the general public. These include Hazard and Operability studies job safety analysis and team-based risk assessments.

EMERGENCY RESPONSE

Our Crisis Management Team conducted two exercises last year after a review of the Crisis Management Manual. A number of desktop exercises and full off-site training exercises were also conducted.

Our emergency teams responded effectively to a number of on-site incidents during the year, including false fire alarms and a first aid emergency.

Our emergency teams also attended a number of chlorine leaks in the metropolitan area and regional locations. Most of these incidents did not relate to our equipment or operations and those that did were minor.

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. Many of the contractors transporting our fertiliser are signatories to the Bulk Fertiliser Service Agreement that sets out appropriate requirements for such transport.

Chem Alert was introduced to improve the management of about 2,000 chemicals approved for use at our sites. This, in conjunction with a review of the chemicals on-site, has seen the removal of many unnecessary chemicals from our operations.

We hold all required licences and permits for our operations.

RISK ASSESSMENT

During the year we further developed our programme of risk assessment. The system works on a number of levels and uses various tools.

The potential public risk from our major hazard facilities is assessed by the use of Quantitative Risk Assessments (QRAs). The QRA process continued throughout the year and will be completed in late 2004. These QRAs are reviewed and updated when we make significant changes to our processes. Reviews this year included the ammonia plant to address the plant upgrade, the storage of ammonium nitrate, chlorine import/export and the ammonia pipeline risk profiles prior to completing our site QRA.

The process of team-based risk assessments continued throughout the year with assessments completed in a number of our large operations, including the prilling plant and chlor alkali plant.

This year we introduced an employee-based initiative "Take Time Take Charge". We will focus on this initiative next year.

EMPLOYEE WELLBEING

Our first aid centre at Kwinana is the central area for a large number of support services and programmes aimed at improving

employee wellbeing. The centre runs a number of special health-focused programmes, such as counselling, health awareness topics, fitness programmes and assessments, audiometric testing, immunisations, subsidies for health club memberships, on-site Pilate's classes 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 support networks to ensure they are provided with the most suitable return to work programme.

COMMUNITY

STAKEHOLDERS

Our main stakeholders include our employees, customers, suppliers, the local communities in which we operate, appropriate regulatory bodies and the shareholders of 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 activities during the year included:

- consulting the community, local governments and regulators, on plans to consolidate the Ministerial Conditions for the our sodium cyanide facilities at Kwinana;



Work in progress on the ammonia plant maintenance and expansion shut down at Kwinana.



- delivering two presentations to the Kwinana Community and Industries Forum – the first describing the de-bottleneck procedure for our ammonia plant and the second explaining a proposal to reuse the gypsum stockpiled at our Wellard Road site in Leda;
- 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 a number of Community Information Bulletins and conducting a number of Community Information Sessions in Bayswater to ensure the local community was fully informed about our plans to remediate the former Cresco fertiliser site in Bayswater;
- continuing to support 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;
- participating in the Fertilizer Federation of Australia to enable participation in relevant issues with other manufacturers suppliers and distributors;
- participating in the Chamber of Commerce and Industry to liaise with other industries and participate in the development of new policies;
- launching the pilot nutrient stripping wetland to assembled community leaders and media representatives; and
- hosting a stakeholder forum, attended by representatives of government agencies, community and industry organisations, that discussed various aspects of the Wesfarmers Environment, Health, Safety and Community Report. As was the case in the previous year, detailed answers to issues raised at the forum were 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 continue to 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 visits by

local and international students to various parts of our organisation.

FEEDBACK/COMPLAINTS

Complaints are recorded in our Sitesafe incident database. We endeavour to ensure that all complaints are addressed as quickly as possible to enable a response to be provided. Complaints relating to odours or emissions most often result in a check of our operating plants and the wind speed and direction.

We received eight complaints during the year – six related to our Kwinana site and two at Albany. Of these five were from external parties and three from employees.

Three complaints related to emissions from the granulation plant at Kwinana as outlined earlier in this report. Two related to emissions from the superphosphate plant at Albany as outlined earlier in this report. One was a complaint from the Department of Environment and two from the general public which were subsequently determined not to be related to us.

Communication

NEWSLETTERS AND REPORTS

We frequently provide information to key stakeholders about our business. Several newsletters are produced for both our employees and a number of external audiences.

Our section of the Wesfarmers 2003 Environment, Health, Safety, and the Community report, was again printed as a separate publication and distributed to our stakeholders in March 2004.

WEBSITE

Our website (www.csbp.com.au) includes information about our operations for the community, including environmental, safety and health information relating to our business. We will be improving the environmental section of this site during the next year.

COMMUNITY SUPPORT

We support a number of community organisations and projects throughout Western Australia, including:

- our major sponsorship of Curtin University's Centre of Excellence in Cleaner Production;
- a number of farming improvement groups in rural areas which act as a forum to extend participants knowledge of new farming techniques; and

- a number of community safety, health, education and environment projects, as well as apprenticeship and university awards.

RESEARCH

As a member of the Australian Minerals Industry Research Association (AMIRA) we support research into the safe use and disposal of sodium cyanide, a gold reagent used by the mining industry.

We also support a range of agricultural research programmes including the UWA 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.

We invest about \$800,000 each year in our own agricultural research activities.

The underlying aim of this research is to enhance economic returns of the end user by maximising nutrient uptake and improving plant productivity and quality.

The specific objectives of the work include:

- evaluation of new fertiliser products under field conditions;
- investigation of more effective methods of fertiliser application; and
- generation of data to validate and improve our fertiliser recommendation computer models, based on soil and plant analysis services.

Through these initiatives we strive to minimise the impact of our products on the environment.

AWARDS

In recognition of our achievements in water management we were presented with the inaugural Platypus Environmental Award by the Fertilizer Industry Federation of Australia in 2004. Key factors in our success were the reuse and recycling of water, in collaboration with other industries, as well as the reduction in both the use of scheme water and discharges to Cockburn Sound.



CASE STUDY

Dr Trevor Lord showing Geoff Barber a chart of the gastro-intestinal system.



One of the greatest assets of a good business is its workforce. At CSBP the health of our employees is a high priority and in addition to annual medical examinations, each year we offer health education programmes which include early detection screening for major diseases.

With a predominantly male workforce a great deal of our focus has been on heart disease, obesity and diabetes.

This year we focused on identifying the risk of bowel cancer. Most bowel cancer starts as a small polyp in the bowel that can easily be detected and removed to prevent any further development of the disease. Following the bowel cancer talk, which included information on food to keep the bowel healthy, many employees presented for screening.

The results identified three employees who had early signs of the disease and who later had further treatment to remove the cancer-bearing polyps. Without the screening and treatment the disease may have gone unchecked in these employees. The results of this year's health screening have highlighted the importance of our early detection programme and we will continue this in conjunction with our voluntary annual medical assessments to ensure our workforce has the support it needs to fulfill long healthy lives.

PRIORITIES FOR THE FUTURE

- ↘ AT LEAST HALVE OUR LTIFR WITH AN ULTIMATE AIM OF ZERO LTIS.

- ↘ CONTINUE TO REDUCE WORKPLACE INJURIES.

- ↘ REDUCE CONTAMINANT EMISSIONS.

- ↘ OBTAIN OR RETAIN ENDORSEMENT OF OUR SAFETY REPORTS FOR OUR FOUR MAJOR HAZARD FACILITIES.

- ↘ CONTINUE TO WORK SAFELY AND EFFECTIVELY TO DEAL WITH OUR HISTORIC WASTES BY 2006.

- ↘ INCREASE THE USE OF RECYCLED WATER AND CONTRIBUTE TO REDUCED SCHEME WATER USE IN KWINANA.

- ↘ MAINTAIN OUR CONTRIBUTION TO THE SOCIAL WELLBEING OF THE WESTERN AUSTRALIAN COMMUNITY.

Lumley

INSURANCE

Our division was formed in late 2003 by combining Wesfarmers Federation Insurance with the acquired Australian and New Zealand businesses of Edward Lumley Holdings. We are one of Australasia's largest general insurance groups with 95 offices in Australia and 10 offices in New Zealand. We employ almost 1,400 people.

Overview

This is our first contribution to the Wesfarmers report on social responsibility issues. It differs from the other business units in that we have no previously set priorities against which to report. The nature of our activities is also fundamentally different to those of the other members of the Wesfarmers group and this report is therefore less expansive than their contributions to this publication.

The main challenge facing our businesses on an ongoing basis is for them to operate in a way that minimises any adverse impact on the environment or the communities in which they operate.

In dealing with this challenge, the main environmental areas on which we focused our attention during the year were reducing electricity usage, using cleaner and more efficient fuel, and reducing air travel by our employees.

Our Wesfarmers Federation Insurance (WFI) business continued a programme of upgrading its old cathode ray tube (CRT) computer monitors with new flat screen monitors. The new monitors use 40 watts compared with 70 watts for the old screens, resulting in a 43 per cent reduction in their electricity use. It is expected that all CRT monitors will have been replaced by 30 June 2006.

We continued a programme of converting our WFI field vehicles to run on liquefied petroleum gas (LPG). At the end of the year, 52 per cent of WFI vehicles had been converted as had five per cent of Lumley General Australia (LGA) vehicles.

Air travel has been reduced by the installation of videoconference facilities at our Sydney, Perth and Auckland offices to allow for meetings without the need for interstate and international travel.

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 documented OHS policies which are internally audited annually.

Safety has a high profile across all our businesses and all lost time injuries must be reported immediately to our Managing Director.

Data in this report is for our WFI business and our Lumley businesses in Australia and New Zealand, unless otherwise stated.

Angele Tohme and Frank Kiernan at Lumley General Australia's head office in Sydney.



LOST TIME INJURY FREQUENCY RATE

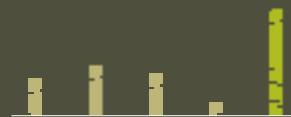
00	01	02	03	04
0.0	1.7	1.5	1.6	2.3

1 July 99 – 30 June 04 (as at 30 September 04)



NUMBER OF WORKERS COMPENSATION CLAIMS

00	01	02	03	04
3	5	4	1	15



Data prior to 1 July 03 is for our WFI business only. Data thereafter includes our WFI business and our Lumley businesses. Contractors not included



WESFARMERS FEDERATION
WESFARMERS FEDERATION LIMITED



www.wfi.com.au
 www.lumley.com.au
 www.lumley.co.nz

BUSINESS MANAGEMENT

Training

HEALTH AND SAFETY

Ergonomic training and advice is provided to all employees either face-to-face or through our intranet.

A first aid facility is provided at our WFI head office in Bassendean, Western Australia and a number of staff have appropriate training.

All of our WFI Area Managers have undertaken a defensive driving programme to ensure they are trained to drive on different types of surfaces and in different weather conditions.

EMERGENCY

All our major offices have documented emergency evacuation plans.

Compliance

ENVIRONMENTAL

We are not aware of any 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 are not required to report.

HEALTH AND SAFETY

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

LICENSING AND APPROVALS

We were not subject to any specific environmental, health or safety licensing or approval requirements. However, we were subject to general environmental and health and safety legislation.

In Australia our financial regulators are the Australian Prudential and Regulatory Authority (APRA) and the Australian Securities and Investments Commission (ASIC). Each of these regulators issued licences under which our WFI and LGA businesses operated. In New Zealand there is no financial regulator, but our Lumley General New Zealand (LGNZ) business complied with industry codes as set by the Insurance Council of New Zealand.

Management systems

SAFETY MANAGEMENT SYSTEM (SMS)

An integrated safety reporting system is under development and is expected to be operational by 30 December 2004.

OTHER/INTERNAL 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 Occupational, Health and Safety (OHS) policies and an OHS committee. Our WFI business has documented OHS policies which are internally audited annually.



ENVIRONMENTAL

Air

GREENHOUSE GAS EMISSIONS

Our direct greenhouse gas emissions during the year from our vehicle fuel use were estimated to be 2,324 tonnes of carbon dioxide equivalent.

In addition, our indirect greenhouse gas emissions during the year from imported electricity were estimated to be 2,452 tonnes of carbon dioxide equivalent.

The only other source of greenhouse gas emissions of which we are aware is related to waste disposed off-site. As we did not measure the quantity of waste we were unable to estimate associated greenhouse gas emissions.

Our total (direct and indirect) greenhouse gas emissions per million dollars of premium income were estimated to be 4.7 tonnes of carbon dioxide equivalent.

In calculating greenhouse gas emissions for electricity we have estimated the consumption on a state-by-state basis and applied the appropriate emission factor for each state.

OTHER EMISSIONS

We are not aware of emissions of ozone-depleting substances.

Water

CONSUMPTION

Our main use of scheme water during the year related to toilet flushing and drinking water.

Water usage was not metered.

In addition, our WFI head office is located on extensive grounds and uses bore water for garden and lawn watering.

Waste

SOLID WASTE

Given the nature of our business operations, we did not measure solid waste generation and we are not planning to in the future.

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.

RECYCLING INITIATIVES

Our major offices in Bassendean, Sydney and Auckland had dedicated paper recycling bins that were collected regularly during the year by a waste management contractor for recycling.



Wesfarmers Federation Insurance employees using new video conferencing facilities at Bassendean in Western Australia.



INSURANCE

Land

CONTAMINATION

We are not aware of any contamination issues, except for some ground water contamination at our Bassendean site which we believe resulted from industrial activity in the surrounding area.

Resource use

ENERGY

Our main use of energy during the year related to electricity consumed in our offices and fuel for our vehicle fleet.

Total energy consumption was estimated to be 42,218 gigajoules.

Our total energy consumption per million dollars of premium income was estimated to be 41.2 gigajoules.

Our energy sources are detailed below.

FUEL

Petrol and diesel accounted for approximately 67 per cent of our total energy consumption by gigajoule. We consumed 765,774 litres of petrol and 55,898 litres of diesel.

ELECTRICITY

Electricity accounted for approximately 23 per cent of our total energy consumption by gigajoule. Based on available data we estimate electricity consumption at 2,697 megawatt hours.

To put our electricity consumption in context, it was approximately equivalent to that of three Bunnings Warehouses.

GAS

LPG accounted for approximately 10 per cent of our total energy consumption by gigajoule. Our vehicles consumed 161,957 litres of LPG.

We continued a programme of converting our WFI field vehicles to run on LPG. At the end of the year, 52 per cent of WFI vehicles had been converted as had five per cent of LGA vehicles. LGA is considering adopting a similar policy to WFI in relation to its vehicles. Lumley General New Zealand vehicles continue to operate on petrol. Overall, 19 per cent of our vehicles are running on LPG.

SAFETY AND HEALTH

LOST TIME

Our LTIFR was 2.3 and, during the year, there were five LTIs. Our Average Time Lost Rate (ATLR), which provides a measure of the severity of such injuries, was 6.1. These statistics do not include contractor hours and injuries.

Safety statistics are distributed and discussed by management and the various boards every two months.

WORKERS COMPENSATION

There were 15 workers compensation claims reported, relating to occurrences during the year, 12 in our Lumley businesses and three in WFI.

Many of the workers compensation claims resulted from injuries sustained on the way to work or on the way home from work (for example, slipping at a train station or on a footpath) and were largely outside the control of management.

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);
- follow-up guidance and advice at management level;
- pre-employment attitudinal profiling;
- Accident Risk Management (ARM) supervisor training;
- fleet Loss Control Manual workshops for managers and supervisors;
- safety awareness seminars;
- stress and fatigue seminars;
- large loss remedial training using the ARM programme;
- benchmarking safety performance;
- conference presentations; and
- liaison with transport industry groups, such as the Land Transport Safety Authority, Accident Compensation Commission, Road Transport Association and National Road Carriers.

RISK ASSESSMENT

All offices had at least two safety inspections conducted during the year by the branch manager. All accidents and incidents during the year were reported to the national human resources manager and our LGA business had an OHS committee in every office reporting to that manager.

↓
Danielle Barnes from WFI using one of the new electricity-saving flat screen monitors.



During the year our WFI field vehicles and passenger vehicle fleet were involved in 10 incidents for which insurance claims were made totalling approximately \$31,000. Our Lumley field vehicles and passenger fleet were involved in 40 incidents for which insurance claims were made totalling approximately \$68,000.

EMPLOYEE WELLBEING

We offer an employee assistance programme during the year that provides company-funded counselling services for employees and their immediate family members in relation to issues such as alcohol, gambling and drugs.

Free influenza vaccinations were again offered on site to all employees in the Sydney, Auckland and Perth head offices. During the year 284 employees took up the offer.

Ergonomics advice continued to be made available to our Lumley employees through the intranet.

Neck and shoulder massages were again offered to all our WFI employees in the Bassendean head office.

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 the shareholders of our parent company, Wesfarmers Limited.

FEEDBACK/COMPLAINTS

Our LGA and WFI businesses are bound by the General Insurance Code of Practice. This code outlines the steps to resolve complaints and disputes raised by policyholders.

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 General Insurance Enquiries and Complaints Scheme (IEC). The IEC is a national scheme aimed at resolving disputes between policyholders and their insurance companies and also extends to third party claimants. If the decision of the IEC is acceptable to the complainant then the

decision is binding on us for amounts up to pre-imposed limits. In Australia, 137 complaints were dealt with internally and of these eight were referred to the IEC.

Complaints (including any related to environmental or safety matters) in New Zealand or by people other than policyholders in Australia can be made directly to one of our offices where the complaint is recorded and appropriate follow up action initiated.

Communication

NEWSLETTERS AND REPORTS

Quarterly newsletters are provided to all staff through either hard copy distribution or through the intranet.

WEBSITE

Our websites:

- www.wfi.com.au
- www.lumley.com.au
- www.lumley.co.nz

include information about our operations for the community.

LIAISON GROUPS

Our WFI and LGA businesses are members of the Insurance Council of Australia. LGNZ is a member of the Insurance Council of New Zealand and Rieny Marck, LGNZ's Chief Executive Officer, is vice-president of that organisation.

COMMUNITY SUPPORT

LGA provided financial support to the Cancer Council of Australia, World Vision, Walk to Cure Diabetes, Westmead Hospital and the Athens 2004 Australian Olympic fundraising committee.

WFI supported rural events and sporting clubs in the areas where it operated.

WFI also made available to staff the Workplace Giving Program, enabling them to make charitable donations out of pre-tax salary, thus effectively allowing employees to receive the tax deduction at the time of the donation without any paperwork, rather than waiting until after the end of the financial year and claiming the tax deductions in their returns.

AWARDS

Our WFI business won the 2003 Australian Banking and Finance Magazine's Insurance Accolades award for the best regional insurer recognising our commitment to rural communities.

PRIORITIES FOR THE FUTURE

- ↳ REDUCING OUR LTIFR BY AT LEAST 50 PER CENT WITH A TARGET OF ZERO LTIS.
- ↳ IMPLEMENTING A SAFETY INCIDENT REPORTING SYSTEM ACROSS ALL OUR BUSINESSES.
- ↳ CONTINUING THE CONVERSION OF VEHICLES TO LPG FUEL.



WFI's Jacqueline Mills with a new LPG vehicle at Bassendean.



OTHER BUSINESSES

Peter Lewi from Air Liquide and Hismelt's Chris Grierson at the construction site of the new Air Liquide Air Separation Unit at Kwinana.



SOTICO

With the sale of the jarrah assets of Sotico in August 2004, we are no longer involved in the native forest sector. Our only active engagement in forest products now is through our 50 per cent share in the Wespine plantation pine sawmill at Dardanup, in Western Australia.

We are not able to report on Sotico's activities during the year because of staff reductions as part of the business divestment process. Our Corporate Office has assumed responsibility for managing the remediation of contamination at former Sotico locations and we will continue to report on these issues.

PEMBERTON

As reported last year, we 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. These treatment processes have resulted in contamination of parts of the mill site and adjacent land 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 ownership of the mill, and we will fund and manage the PCP clean up process. A public meeting held in Pemberton in December 2003 to brief the community was attended by representatives from Sotico and its environmental consultants (URS Australia), the Departments of Environment and Health and a Canadian company engaged to investigate the possible use of a bioremediation technology to treat the PCP contamination. Following the meeting an Emergency Response Plan was drawn up to cover contingencies that might arise during the remediation work, in particular a proposed field trial of the bioremediation technology as an extension of laboratory tests carried out in Canada.

Since then, consideration has focused on whether we should proceed with the bioremediation field trial (given the expected

limited impact of the process on the dioxins); whether local or other landfill sites would accept material treated in this or other ways; or whether we should explore the possibility of on-site encapsulation.

These options will be further discussed with the DoE and other parties before a final remediation plan is adopted. The State government continues to assess options for treating the arsenic contamination.

MANJIMUP PROCESSING CENTRE

As reported last year, environmental assessments were conducted at all of the Sotico sites as part of the sales process. In August 2004, at the time of the sale of Sotico, we announced that drilling at the Manjimup Processing Centre, had revealed creosote contamination of soil and groundwater arising from timber treatment operations at that site for about three years in the mid 1980s.

Modelling suggested the contamination had moved off-site and further testing was conducted in September 2004 to determine the extent of the impacts.

Remediation work is expected to begin on the affected on-site soil in early 2005 and we will consider recommendations from our consultants about treating the groundwater once it is clear exactly to what extent it has been affected by the creosote contamination.

DEANMILL SAWMILL

Testing at Deanmill revealed arsenic contamination in an on-site drainage channel and down gradient along the channel close to the mill boundary with agricultural land. No timber treatment work was carried out at Deanmill during Sotico's ownership of the site and the contamination appears to have arisen from a treatment plant that operated in the 1920s when the mill was owned by the government, through State Sawmills. Relevant authorities were briefed and the government has accepted that the State Sawmills activity is the likely cause of the contamination. We expect the government will develop a remediation plan to deal with this issue.

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 (and managed by Wesfarmers Energy) with the remaining shares held by Air Liquide Australia Limited, a wholly-owned subsidiary of Air Liquide of France. Our head office is at Myaree, Western Australia and our three operational sites are located south of Fremantle at Kwinana and Henderson. Another Kwinana facility comprising an Air Separation Unit (ASU) to provide oxygen and nitrogen to the Hismelt project is due for commissioning in December 2004. We have a healthcare division in suburban Perth and branches at Kalgoorlie and Darwin and operate through a network of 80 agents in WA and the Northern Territory. We employ 73 people.

OVERVIEW

The highlight of our year's safety performance was the achievement in June 2004 of 12 years without a Lost Time Injury. Environmentally, we managed the activities of our lime waste contractor to ensure regular removal from our site of this by-product from our acetylene production facility.

MANAGEMENT SYSTEMS

We have no Environmental Management System. Our Safety Management System has been audited by the Department of Industry and Resources (DoIR). Both our Environmental and Safety policies are widely displayed and are included in induction material for all new employees.

Our Quality Assurance System was upgraded to conform with ISO 9001 with accreditation received in November 2003. Internal quality assurance auditor training was given to six employees.



ENVIRONMENTAL

We complied with the conditions of our Department of Environment licence.

The Kwinana ASU operates 24 hours a day. Noise monitoring was not conducted during the year and no complaints were received. Monitoring by the Kwinana Industries Council in November 2001 indicated we made a contribution of less than two per cent to noise levels.

StateWest Power's Jean-Marc Imbach inspecting the Sunrise Dam Power Station near Laverton in Western Australia.



We do not directly produce greenhouse gases but our indirect emissions from imported electricity were estimated at 86,096 tonnes of carbon dioxide equivalent, down three per cent on last year overall and a reduction of eight per cent per production tonne during the year.

Our carbon dioxide recovery plant at Kwinana recovers CO₂ from the adjacent CSBP ammonia plant, removes impurities and we liquefy the product for sale. At our Henderson site we are licensed to re-sell refrigerant gases to approved users.

Water use during the year was estimated at 99 megalitres (down three per cent on last year). We estimate our solid general waste stream at 73,368 kilograms (down one per cent), all of which is recycled. Total liquid waste was estimated at 2,730 tonnes, all of which is disposed of by a licensed contractor.

Our total energy use for 2003/2004 was 86 gigajoules (down three per cent).



SAFETY AND HEALTH

Our Lost Time Injury Frequency Rate of zero includes contractors. We encourage the reporting of near misses and recorded 11 of these during the year, all of which were thoroughly investigated. Eighteen health and safety meetings were conducted during the year and as were 16 internal safety and quality audits focusing on compliance and hazard identification. We introduced our Fitness for Work policy and conducted random drug and alcohol testing as part of its implementation.

All employees undergo training in hazards associated with the gases and equipment they are required to handle. First aid training was provided to five employees during the year. We conducted a simulated fire/explosion emergency response exercise at our Henderson facility in June 2004.

We maintained accreditation from the DoIR covering the storage of dangerous goods.

Employees have access to voluntary health and fitness assessments and we offer an Employee Assistance Programme to all employees and members of their immediate families.

WEBSITE

Further information on our operations is available from our website at www.airliquidewa.com.au.

STATEWEST POWER

We are a wholly-owned subsidiary of Kleenheat Gas, specialising in the design, construction, operation and maintenance of diesel and gas-fired power stations for the mining industry and remote area townships. Our head office is at Canning Vale in Western Australia and we employ about 60 people.

MANAGEMENT SYSTEMS

We have a Management Plan (Health, Safety and Environment) which includes policies and system details and the framework for their implementation. The plan describes actions required, employees who are involved, frequency of actions needed to be taken and responsibilities and accountabilities.



ENVIRONMENTAL

Most client-owned operational sites manage dust control. At Leonora and for the Midwest power stations we use blue metal cover to suppress dust and at Canning Vale by concreting areas or planting lawn. Client-operated sites have responsibility for noise monitoring and control. At Sunrise Dam and Wodgina power stations, noise monitoring resulted in action to reduce levels. We install oil separation units at power stations to control waste oil and stormwater run-off.

Our total energy use during the year was 4,331,474 gigajoules.



SAFETY AND HEALTH

Our Lost Time Injury Frequency Rate reduced from 12 to zero and we focused on health, safety and environmental incident reporting to enhance employee awareness in these areas.

During the year we recorded 32 first aid injuries and three near misses.

Material Safety Data Sheets are held on site for hazardous substances and bunded storage areas are provided where required. We use Job Safety Analysis for major tasks to identify all risks and assess their potential impacts on employees, the public, plant and equipment.

We have an Employee Assistance Programme available for employees and their immediate families and during the year we distributed brochures covering our Fitness For Work programme to all employees.

AUSTRALIAN RAILROAD GROUP

The Australian Railroad group (ARG) is a joint venture between Wesfarmers and Genesee & Wyoming Inc of the United States. ARG is the major provider of rail freight services in Western Australia and South Australia and now operates freight services in New South Wales. Further information is available at www.arg.net.au.

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.

Verification Statement



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VERIFICATION OBJECTIVE

Wesfarmers Limited (Wesfarmers) commissioned SMEC Australia Pty Ltd (SMEC) to verify the data and content of this 2004 Social Responsibility Report (the report), the seventh such report produced by the company.

The objective of this verification audit was to ensure statements made within the report were consistent with evidence from which they were derived and were able to be supported by quantitative data wherever possible.

Wesfarmers holds responsibility for the preparation of the report and this Verification Statement represents SMEC's independent opinion. SMEC was not involved in any part of the report preparation.

VERIFICATION METHOD

As with previous years, SMEC's approach to verification is based on emerging international best practice and this statement is constructed based on the recommended methodology advocated by the Global Reporting Initiative's Sustainability Reporting Guidelines. The approach to verification was Level 2 of the Environmental Australia Hierarchy.

Level 2 verification entails data verification selection of random samples of quantitative data sets and reporting systems utilised to collect, consolidate and aggregate data in addition to reviewing the completeness of the report against Wesfarmers' policies, targets and plans.

SMEC WAS COMMISSIONED TO:

- Identify major anomalies in the report;
- Track the data streams from collection of data to review of the conclusions made from the subsequent analysis and assess the accuracy and appropriateness of the processes used; and
- Review the contents of the report with respect to the significant aspects of the organisation and the issues for the organisation's stakeholders.

The verification tasks entailed collection and analysis of reports compiled by business units, site visits and interview with personnel at Wesfarmers Corporate, Kleenheat, CSBP

Kwinana, Premier Coal Collie, W LPG Kwinana, Bunnings, Curragh Mine, Queensland, WIS and WID Sydney. Where possible, effort was made to establish comparability of findings between reporting years and with industry standards. Such comparison will enable the company performance to be benchmarked against other corporations of a similar size and/or diversity.

The data verification process involved reviewing the reports submitted by the business units then randomly selecting items for which verification would be sought. At each site the processes by which data was collected, stored, analysed and reported were examined to establish the robustness of the processes used and any misinterpretation that may have occurred as a result. Interviews were held with Wesfarmers' personnel responsible for each data set and processes used to derive conclusions reported were demonstrated. Potential for errors in aggregation and interpretation were explored and consistency of approach for the purposes of reporting in this report was assessed. In addition, the process for developing quantitative information was examined for consistency with previous year's methods to ensure absolute and comparative values quoted were derived from the same base.

Verification of the reports of the minor units (Sotico, Air Liquide WA and StateWest Power) occurred remote from the site.

The Curragh Queensland Mining audit was conducted with a representative from SMEC's Brisbane office and the Wesfarmers Industrial and Safety and Wesfarmers Insurance Division audits were undertaken with a representative from SMEC's Sydney office. All other business units were audited by SMEC's Perth office and a representative from this office also accompanied auditors from Sydney and Brisbane to their respective sites. This year was the first time the Wesfarmers Insurance Division had been audited independently of any other business unit. Sotico was audited with corporate representatives from Wesfarmers as that business unit has been principally divested in the year under examination.

OPINION

Over the past four years Wesfarmers understanding and utilisation of corporate social and environmental reporting has matured. Significant developments in reporting across all business units have resulted in enhancement of processes and outcomes. Wesfarmers should be proud of their achievements thus far in the development of high reporting standards. The manner in which verification recommendations are dealt with is testimony to the general improvements in reporting and process that have occurred. In our 2002 report SMEC made a number of recommendations and almost all have been satisfactorily acted

upon to date. In 2003 we made eight recommendations and all have been dealt with during the current reporting period.

Wesfarmers have this year taken a significant step in the reporting of the company's achievements towards sustainability as described by the Global Reporting Initiative. For the first time a section at the front of the report has been included which provides an overview of social, economic and environmental aspects.

Significant improvements in the collection, management and reporting of social, economic and environmental indicators have been made in the last 12 months. A number of factors have contributed to the development of high reporting standards including improved definitions, guidance documents and technical instructions given to sites, resulting in greater consistency and accuracy of site reporting.

The level of sophistication in the data collection systems often reflects the experience of the business unit with the collection and collation of data and information to fulfil the requirements of the reporting process. Smaller business units tend to have less complex data collection systems. Business units that are relatively new to the company, in age or composition, are still developing data collection and management systems and may lack the systems to collect data at the level of detail available to those with more mature management systems. These variations result in a noticeable difference in the level of information that can be provided by each business unit.

The verification process used indicated:

- a high level of accuracy in the data presented. However, minor modification of some qualitative statements was undertaken and slight adjustment of data was made to clarify the manner in which it was presented; and
- datasets were generally traceable and readily identified. During the audit, data trails were easily located and demonstrated and the aggregation and collation undertaken to reach conclusions were logically presented by the personnel responsible for undertaking those activities. However, it was apparent that some challenges to historic data retrieval continue to be experienced when data management systems are being updated.

Reporting and verification of social issues and community involvement, particularly for business units that contribute to provide in-kind assistance to the community, is problematic. Consequently there is more scope for reporting error. In some instances databases are not established and therefore rely on the expertise of senior personnel.

Overall, SMEC is satisfied that:

- The report is a fair and honest representation of the organisation's policies, management systems and performance;
- The numerical data presented in the report is valid and accurate; and
- The written statements in the report present an accurate representation of the results and progress achieved during the reporting period.

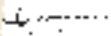
GENERAL FINDINGS

As a result of completing the verification process, the following findings are made:

- Wesfarmers continues to seek a consistent approach to measuring and reporting performance across all business units through striving to adopt best practice reporting standards. The continued implementation of the rolling five-year improvement plan developed by SMEC in 2002/2003 and the integration of new initiatives for reporting of environment, social and economic achievements in line in the progress toward sustainability reporting are noted.
- The ongoing involvement of personnel across the organisation in data collection and management, in addition to those who provided input to the verification undertaken by SMEC, indicates that the business units maintain processes consistent with best practice in reporting. The level of ownership of the report and the information within it was very high in all instances and demonstrated a commitment to the integrity of the contents of the report. In light of organisational and staff changes that have occurred during the reporting year, such commitment is to be commended.
- The introduction of new business units into this reporting framework continues to challenge personnel within those units. The desire to meet the standard achieved by others is praised as the commitment to the reporting process remains in place in spite of the demands arising from either having to report for the first time or adjust to change.

The above findings represent a summary of the more detailed findings presented to Wesfarmers.

For SMEC Perth



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11 October 2004

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.

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

CHIMA – Cultural Heritage Investigation and Management Agreement

CHMP – Cultural Heritage Management Plan

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 – 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. Another indicator, Average Time Lost Rate (ATLR), provides a measure of the severity of occurrences.

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



Wesfarmers