

Sustainability 07



07

PRIORITIES

- At least halve our Lost Time Injury Frequency Rate (LTIFR) with an ultimate aim of zero Lost Time Injuries.
- 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.
- Continue to use recycled water and contribute to reduced scheme water use in Kwinana.
- Continue to make beneficial contributions to the communities in which we operate.

07

OUTCOMES

- ✦ **Achieved.** Our LTIFR was 2.2 compared to 5.9 last year.
- ✦ **Achieved.** We improved our safety performance and reduced our number of workplace injuries.
- ✦ **Partially achieved.** Reduced emissions in all environmentally significant areas except ammonia from the sodium cyanide plant and nitrogen and phosphorus discharges to SDOOL.
- ✦ **Achieved.** Retained endorsement for existing safety reports. The ammonium nitrate business safety report was approved by DOCEP in September 2007 as part of the expansion of this business.
- ✦ **Achieved.** The Bayswater remediation project has made significant progress and several other projects were advanced.
- ✦ **Achieved.** Ongoing use of water from Kwinana Water Reclamation Plant and we continue our water transfer arrangements with an industrial neighbour to reduce their use of scheme water.
- ✦ **Achieved.** In addition to existing programmes we entered into a partnership with Youth Focus.

We are one of Australia's main suppliers of chemicals, fertilisers and related services to the mining, minerals processing, industrial and agricultural sectors.

We operate a major industrial complex at Kwinana in Western Australia and other complementary facilities in regional areas and employ more than 600 people. CSBP Chemicals' core products include ammonia, ammonium nitrate, sodium cyanide, sodium hypochlorite and caustic soda. CSBP Fertilisers manufactures, imports and distributes an extensive range of phosphate, nitrogen and potassium fertilisers, in blended and liquid form. The operations of our 75 per cent-owned sodium cyanide joint venture, Australian Gold Reagents Pty Ltd (AGR), are also included in this report, but Queensland Nitrates Pty Ltd, a CSBP/Dyno Nobel Asia Pacific joint venture is not included because we do not manage the business. In addition, subsequent to the 2006/2007 reporting year, we have acquired Australian Vinyls Corporation, based in Victoria, which will be included in next year's 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 which we focused on during the year were progressing the Environmental Management System (EMS), continuing to manage our environmental emissions and effectively managing our water sources.

We commenced implementation of our upgraded EMS.

Our wastewater is discharged through the Sepia Depression Ocean Outfall Line (SDOOL). Since October 2005 we have not discharged any effluent to Cockburn Sound, except for one instance in April 2007 caused by a significant rainfall event. We continue to seek to optimise the efficiency of our pilot nutrient-stripping wetland.

During the year we accepted treated water from the Kwinana Water Reclamation Plant (KWRP). We continue to focus on managing our water use and contaminant discharges.

The main safety focus during the year was again identifying opportunities for

improvement and risk management. This included a revised permit-to-work system, which is being introduced progressively across the business, the implementation of a drug and alcohol policy and risk assessment training for employees. All of our programmes and policies support our commitment to achieving zero harm to our workforce, whereby all risks are managed as effectively as possible so that injuries or negative outcomes are avoided.



BUSINESS MANAGEMENT

Training

We have continued our focus on the training and development of our employees by building a reliable training management framework that will ensure sustainability in the future.

We have appointed four training and improvement coordinators in our business to specifically manage the operational training requirements of production areas.

The focus for training and development includes:

- updating and developing learning materials (including self-paced training modules and procedures) for all technical processes;
- improvement in the management of training records to allow for the identification of training needs;
- improved quality of workplace competency assessments that ensure an appropriate standard of skills are set and maintained; and
- the delivery of identified critical safety training in area training plans.

Environmental

We continue to use an electronic sign at the Kwinana site to promote environmental topics. We have developed a new look employee quarterly newsletter which began distribution in July 2007. Additionally, we provide information to our employees on environmental issues through various means of communication such as the Managing Director's newsletter, lunchtime seminars, email and distribution of our external newsletter 'Upfront'. All employees as part of their induction undertake an environmental tour.

Health and safety

The focus on safety training contributes to our primary goal of zero harm to our employees. We conducted 38 courses this year to train employees and contractors in the revised permit-to-work system, with over 300 attendees. In addition 117 employees and contractors participated in confined space entry training and 82 employees attended training in breathing apparatus.

During the year we introduced a drug and alcohol policy. As part of the introduction of this policy, education sessions were held to inform employees about the risks associated with drug and alcohol use. Under the programme, employees are randomly selected for drug and alcohol testing.

We also provide certification training in first aid to our employees, with a total of 82 participants this year. This is beneficial to the business as it provides personnel who can apply first response techniques in an emergency. It is also of benefit to employees' families and the community generally.

All new employees and contractors are required to complete an induction programme to ensure all people on our sites have a sound understanding of safety rules and systems.

A general induction is followed up with an area-specific induction that ensures awareness of the potential hazards in particular places of work.

As reported last year, electronic media training packages are used for business unit and contractor inductions in the ammonia, ammonia nitrate, chlor alkali and sodium cyanide plants. Similar electronic media training packages have not yet been developed for the remaining business units but we expect this to be completed over the next 12 months.

Emergency

The focus of our emergency response function is on the ability to respond to an industrial or medical emergency at our operating sites and the stewardship of our products in the community.

We undertake annual fitness and medical assessments for all the emergency response team to ensure that each person is physically capable of undertaking any task required of them in an emergency situation.

Where our products are involved in off-site incidents we have the capacity to provide technical and operational support to our clients and government emergency response agencies.

At Kwinana we maintain a strong link with Western Australia's emergency management authority the Fire and Emergency Services Authority (FESA).

We are actively involved in local emergency management committees for Rockingham and Kwinana as well as being a part of the Kwinana Industries Public Safety Group. In addition, our emergency response coordinator chairs the Kwinana Industries Mutual Aid Group.

Compliance

Environmental

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

During the year we notified the Department of Environment and Conservation (DEC) of 48 reportable events. The increase from last year was largely related to our wastewater discharges. We continue to work with the DEC to align our licence to levels in accordance with ambient environmental standards. We anticipate that several of these licence limits may increase as they are currently well below ambient standards necessary for environmental protection. We are completing a licence assessment report reviewing all of our potential environmental impacts, and this will be available for public review during 2007/2008.



Registered Nurse Robin King (right) watches Reliability Facilitator Eli Knudsen take an alcohol test as part of our drug and alcohol testing programme.



Of the 48 events, 16 were potential non-compliances, 23 related to a reportable threshold (between 75 and 100 per cent of the relevant licence limit) and nine related to licence targets, which incur no potential enforcement action.

Our reportable events for the year were as follows:

- two reportable events related to the prilling plant stack test results. One of these was a potential non-compliance related to a licence exceedance of an average of 266 g/m³ (licence limit is 250 g/m³). We received a letter from the DEC advising no further action regarding this event is required;
- two potential non-compliances related to licence exceedances of nitric oxides (NO_x) at the ammonia plant;
- eight of the reportable events related to air emissions from the sodium cyanide plant. Four of these involved ammonia exceedances of the licence target. Two concerned hydrogen cyanide above the licence target. One was a potential non-compliance related to an exceedance of the NO_x licence limit from the incinerator on the sodium cyanide plant. The other potential non-compliance arose from the NO_x analyser reliability being less than 90 per cent for the month of May;
- thirty-two of the reportable events related to waste water discharges to SDOOL of copper or cyanide. The concentrations in

these instances were below the Cockburn Sound State Environmental Policy for ambient water quality and hence created no environmental harm. Ten of these were potential non-compliances related to licence exceedances and to date, two have been signed off by the DEC with no further action required;

- three reportable events related to waste water discharged from the sodium cyanide plant to our internal effluent system. Of these, one was a potential non-compliance related to an exceedance of our licence limit. This specific incident resulted in a letter from the DEC specifying no further action was required;
- the remaining reportable event concerned untreated surface water run off from our Albany site.

We have investigated each of these incidents and put in place remedial actions as necessary.

We have been advised by the DEC that it will take no further action in respect to any of the incidents raised in last year's report.

National Pollutant Inventory (NPI)

Emissions notifiable under the NPI were estimated for substances listed on the NPI. Data for the 2005/2006 reporting period was submitted to the DEC, and detailed information is available at www.npi.gov.au. All our substance emissions for last year were ranked

by the NPI as 'low'. The 2006/07 NPI data was provided to the DEC in September 2007, and will be publicly available in 2008.

Health and safety

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

We received seven improvement notices from WorkSafe during 2006/2007. Of these, four related to our hydrochloric acid tanks; one related to our sulphuric acid tank; one related to an employee failing to wear the correct personal protective equipment; and one related to failing to report hazards. During the year, we also received three prohibition notices relating to our hydrochloric acid storage area. All notices have been resolved within the agreed timeframes.

All of the improvement notices issued by WorkSafe and reported in last year's report have also been resolved.

Licensing and approvals

We are not aware of any potential non-compliance with licensing or approval conditions or other requirements during the year, except as set out above under 'Environmental' or 'Health and Safety'. As reported under 'Noise' we have potential non-compliances with regulations on the northern and eastern boundaries of our Kwinana site.

All relevant licences required under legislation including *Environmental Protection Act*, *Rights in Water and Irrigation Act*, *Poisons Act*, *Dangerous Goods Storage Act* and the *National Industrial Chemicals Notification and Assessment Scheme* were renewed. In addition, approvals were sought relating to the following specific projects:

- the Noise Management Plan for the Kwinana site was developed and has been approved by the DEC. This is available on our website;
- an Upgraded Ammonium Nitrate Production Facility Greenhouse Gas Abatement Programme has been submitted to the EPA for approval. The upgrade included a nitrous oxide improvement plan as required by the Ministerial approval for the ammonium nitrate production facility; and
- the Geraldton Liquid Fertiliser Manufacture facility was approved in March 2007.

As we no longer have manufacturing operations in Albany, we are not required to submit an Environmental Management Plan. However, we have voluntarily supplied a plan for our Albany site, which has been endorsed by the DEC.

Management systems

Environmental Management System (EMS)

We commenced implementation of the reviewed and upgraded elements of our EMS. Our environmental risks are currently being reviewed and reassessed. Environmental compliance is now managed in our SiteSafe system. Annual environmental action plans continue to provide the basis for improvements across the business. During 2007/2008 we will focus on the review and upgrade of operational elements of our EMS.

Quality system

We maintained certification to AS/NZS ISO 9001:2000 for the chlor alkali and ammonium nitrate processes. This involved

two satisfactory external audits. We also conducted 11 internal audits during the year.

The Kwinana laboratory continued accreditation to AS ISO/IEC 17025 2005 as confirmed by the National Association of Testing Authorities (NATA). Senior laboratory staff were actively involved with NATA as technical assessors, with mentoring of university students via the University of WA Mentor Link programme, as well as with the WA branch of the Royal Australian Chemical Institute in the Management and Career Development group.

Our soil and plant analysis laboratory at Bibra Lake continued to participate in national proficiency programmes overseen by the Australasian Soil and Plant Analysis Council and international plant analysis programmes overseen by Wageningen University in the Netherlands.

Safety Management System (SMS)

Annual safety action plans provided the basis for safety improvements across our business with each department responsible for ensuring that its plan was made specific to its area.

The management of chemicals on-site continues through the Chem Alert system. The system provides employees with a user-friendly interface to search, list and report on chemicals approved for use on-site and to access relevant safety data.

We have four major hazard facilities, as defined under the WorkSafe National Standard 'Control of Major Hazardous Facilities'. These are our ammonia, sodium cyanide, sodium hypochlorite manufacturing and ammonium nitrate plants. As part of this Standard, each of these facilities has a safety report which describes the major risks and how they are managed. These reports are submitted to the Department of Consumer and Employment Protection (DOCEP) Resources Safety Division for endorsement and are externally audited on a regular basis. Each action arising from the audit is assigned to an employee, who establishes time frames

for completion of the action. Some actions include developing long term improvements which are continually tracked with the regulating authority until resolved.

As reported last year, a revised ammonium nitrate safety report has been developed and includes modifications associated with the expansion of this facility.

DOCEP endorsement for this report occurred during the second half of 2007.

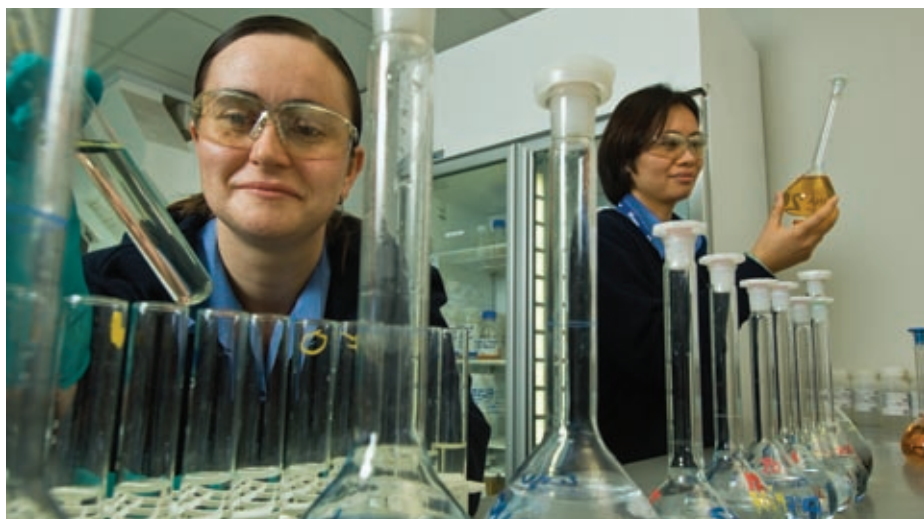
As a producer of raw materials for explosives and a range of other potentially hazardous chemicals, we continued our focus on security. During the year 119 employees successfully applied for Maritime Security Identification Cards, allowing them to work unsupervised on the Kwinana Bulk Jetty.

A security risk assessment has been completed and development of a compliant security plan has commenced to meet the requirements of Dangerous Goods Safety (Security Risk Substances) Regulations 2007.

Other management systems

By adhering to our values and the Responsible Care codes of the Plastics and Chemical Industries Association (PACIA), our business has developed and maintains systems and promotes behaviours that commit us to handling and dealing with our chemical products properly at all times, from sourcing and manufacture through to transport, distribution and end use.

During the year we were audited against the International Cyanide Management Institute's (ICMI) code of practice for the transport of sodium cyanide, for which we received accreditation. We are also a signatory to the ICMI for the production of sodium cyanide and we were audited for compliance in March 2007. We are waiting for ICMI to finish a 'completeness' review of our audit documents. In addition, we also participate in an international advisory group and an Australian-based working group to assist in promoting and implementing the ICMI code.



Chemists Ronesia Morris (left) and Seam Sieng at our Kwinana laboratory.

Policy

We have policies that outline our commitment to environmental, health, safety and community issues as part of our business operation. In addition, we are a signatory to the PACIA Responsible Care programme which has six codes outlining best practice in the areas of employee health and safety, manufacturing safety, transport and storage safety, community right to know, product stewardship and environmental protection.

Through this association we contribute to developing or commenting on legislative proposals and relevant policies such as the Voluntary Code of Conduct for the distribution of ammonium nitrate and major hazard facilities or dangerous goods and security issues in the chemicals industry. We are actively represented at Board and Council level in PACIA, the Kwinana Industries Council, the Chamber of Commerce and Industry of WA and the Fertilizer Industry Federation of Australia.

As reported last year our commitment to working with the Water Corporation on our water auditing process continues. We participated as an industry test case for the Water Corporation's diagnostic water auditing programme, *One-2-Five* which is now working within industry. In 2006 we received a rating of three stars and we are working on aspects of our water resource performance management system to improve this.



ENVIRONMENTAL

Air (Atmospheric emissions)

Please note that data in this section is generally obtained from point source emissions and will differ slightly from those reported as part of the NPI because of the way in which the NPI uses standard assumptions, in part, to calculate potential emissions. In some areas we do not exceed NPI thresholds and we are therefore not required to report.

Dust

Our dust emissions are associated with particulate emissions from various operating plants, materials loading on our sites and unsealed surfaces. We estimate our dust emissions using the relevant factors from the NPI and reported them to the NPI in September 2007.

Dust from all sources reported under the NPI last year (to 30 June 2006) was 75 tonnes.

During the year we received two complaints relating to dust from our phosphate rock stock pile impacting on a neighboring industry. These issues were addressed and a dust suppression coating was applied to the stockpile.

Odour

Over the past 12 months there have been seven events which have resulted in nine odour complaints from external stakeholders.

Seven of the odour complaints related to five events originating from the sodium cyanide facilities venting waste gases during shut down operations. As a result, the sodium cyanide plant incinerator management plan has since been updated to ensure stakeholders are contacted when waste gases are vented from a plant shut down stack.

One complaint related to odours from the ammonia plant.

There was a chlorine release during decommissioning of the chlor alkali plant in December 2006. The start up of the sodium cyanide plant coincided with other operating activities, resulting in a short term visible plume and detection of chlorine odours at neighbouring industry. This incident is being investigated by the DEC.

Greenhouse gas emissions

We are a participant in the Commonwealth Greenhouse Challenge Plus Programme. We have reviewed our cooperative agreement with the Australian Greenhouse Office (AGO) and this has been agreed to. As part of our participation, we submitted our 2005/06 report during the year.

The greenhouse emissions summarised in this report differ slightly from those reported under the Greenhouse Challenge Plus Programme. In the Challenge report we use actual analytical data from our natural gas supply and internal power generation but in this report we use the standard AGO emissions factors to ensure consistency across Wesfarmers.

From May 2007 our CO₂ emissions will be reduced by providing up to 70,000 tonnes per annum of CO₂ to Alcoa through a third party, for sequestration in their residue disposal areas. We are also a member of the BP Global Choice programme through which we offset the CO₂ emissions from our use of diesel at Kwinana.

Our total greenhouse gas emissions were estimated to be 1,277,546 tonnes of carbon dioxide equivalent, down 4.72 per cent on last year. This equates to 0.92 tonnes of carbon dioxide equivalent per unit of production, up 9.5 per cent on last year.

The greenhouse gas emissions were largely due to our ammonia plant (39.4 per cent), nitric acid plant (50.9 per cent) and sodium cyanide plant (7.5 per cent). The reduction from the previous year largely relates to an unplanned shutdown of the ammonia plant in April 2007.

Noise

Noise emissions associated with the upgrade of our ammonium nitrate and sodium cyanide

plants were outlined in the relevant Public Environmental Reviews advertised in 2005. Our approved noise management plan was released to the public. Implementation of the plan has involved ongoing noise monitoring and incorporation of solutions where possible. This has included installation of additional acoustic insulation and vibrational isolation in the existing nitric acid plant, with work continuing. Our new nitric acid plant design incorporates a more effective silencer on the discharge stack and a low noise cooling tower.

As reported last year we have potential industry-to-industry non-conformances on our northern and eastern boundaries. Noise at the boundary between Coogee Chemicals and AGR is above the current limit largely due to tonality associated with a cooling tower. The noise regulations continue to be reviewed to potentially increase the industry-to-industry boundary level limits from 65dB(A) to 75dB(A). If the limits are increased we will be in compliance with the noise regulations at our boundary. We have completed a noise management plan which has identified plant modifications that could be taken to further reduce noise at our boundary. We are no longer a significant contributor to noise in any residential areas as defined by the regulations.

Other emissions

We have not yet prepared our report to the NPI for the 2006/2007 reporting period or finalised our data estimates, however, in 2005/2006 our three most significant emissions were ammonia (170,000 kilograms to air and water), oxides of nitrogen (220,000 kilograms to air) and particulate matter 10 microns (75,000 kilograms to air). Further information is available at: www.npi.gov.au. All our substance emissions for last year were ranked as 'low' by the NPI.

This is an overall reduction in our emissions of this nature from 2004/2005. An environmental consultant, Parsons Brinkerhoff, completed a desktop audit of our Kwinana, Esperance, Bunbury, Albany and Geraldton sites from which an NPI process map was formulated. The process map identified current emission points as well as 'redundant' emission points (emission points previously included, but which should not have been as no emissions occur from these sources). The removal of these redundant emission points from the calculations has led to a decrease in emissions across all substances.

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 with the exception of two results for the ammonia plant, one result for the sodium cyanide plant and during the month of May 2007 the NO_x analyser reliability for the sodium cyanide plant



was less than 90 per cent. These four results were reported to the DEC. Our total oxides of nitrogen emissions are calculated from measurements of emissions from these plants and calculations from other sources, such as motor vehicles.

Particulates

Particulate emissions of ammonium nitrate from our prilling plant were below licence limits for the pre-dryer, the dryer and tower stacks (see Figure 1), with the exception of one result in May 2007 on the prill plant pre-dryer stack. This result was reported to the DEC and we received a letter advising no further actions regarding this event are required. Based on modelling we do not believe the ambient standards were exceeded in this incident.

Emissions modelling conducted as part of the ammonium nitrate plant expansion showed that both the existing and the proposed plants meet the relevant ambient guidelines for particulate emissions.

Chlorine

Our chlor alert monitoring system was activated 115 times during the year.

These alarms are set at very low levels in many parts of the chlor alkali plant to detect chlorine before response levels are reached. The monitors are situated throughout the plant and sound an alarm when chlorine is detected. Trigger levels are set well below that at which health can be impacted. Due to the sensitivity of these meters the chlor alerts can often be caused by normal operating conditions and preparation of equipment for maintenance.

On 4 December 2006, we ceased operation of our chlorine production system. Some modifications have been made to our sodium hypochlorite production system and this will stay in operation for approximately 18 months (creating sodium hypochlorite from drummed chlorine gas).

Waste

Solid waste

Solid waste during the year consisted primarily of general production waste, construction materials from the expansion of the ammonium nitrate facility and waste from demolition activities at Bayswater.

Our total solid general waste stream during the

year was estimated to be 925 cubic metres, 74 per cent less than last year. This is due to the recycling of a large volume of steel waste in 2005/2006 as a result of the completion of the ammonia plant demolition.

During this year 15 per cent of waste generated was recycled and 85 per cent was disposed of as landfill.

In addition to this 132 cubic metres of asbestos was also disposed to landfill.

Nine hundred and sixty-three tonnes of steel and 1,670 cubic metres of concrete from Bayswater was sent for recycling during the year.

Liquid waste

Liquid waste during the year consisted primarily of wastewater from our production processes and stormwater run-off.

At Kwinana our total effluent disposed to the Sepia Depression Ocean Outfall Line (SDOOL) during the year was estimated to be 507,132 kilolitres. This was 30 per cent less than last year due to our use of recycled water from the Kwinana Water Reclamation Plant, which, because of its lower salinity than other water resources reduces the cooling water effluent. In addition, our Albany site treated and disposed of 48,890 kilolitres of rainfall-related surface water and our Bibra Lake site disposed of 4,674 kilolitres of industrial effluent to sewer. We reused 20,052 kilolitres of wastewater at Kwinana, a decrease of 11.7 per cent on last year.

Figure 1: Prill Plant Stack Emissions (grams per cubic metre)

	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Tower	0.021	0.024	0.028	0.015	0.020	0.019	0.017	0.017	0.025
Pre-Dryer	0.128	0.081	0.186	0.117	0.112	0.111	0.112	0.131	0.115
Dryer	0.133	0.168	0.128	0.145	0.091	0.058	0.067	0.092	0.065



Environmental Advisor Digby Short at the gypsum stockpile at Wellard Road, in Leda, Western Australia.

We disposed of 390 kilolitres of liquid waste from our Kwinana site, an increase of five per cent compared to last year. We estimate that 27 per cent of this is reused, with the remainder disposed of at a licensed treatment facility.

Recycling initiatives

We have a number of reuse and recycling initiatives on-site, including the reuse of waste oil and drums, as well as the recycling of office material, mobile phones, fluorescent light tubes, batteries and scrap metal.

The beneficial reuse of our gypsum stockpile at the Wellard Road site continues to progress. Manna Enterprises, which has a long-term contract with us, has established a blending operation at the site and has begun producing soil ameliorant material using the gypsum. Alcoa continued to take a significant consignment of gypsum from the stockpile removing 5,497 tonnes during the year, as part of a total reuse of 9,000 tonnes for the year.

Land

Flora and fauna

We continued our involvement with the Feral Pigeon Control Group at Kwinana/Rockingham which seeks to control the numbers of these birds. We manage this issue on our Kwinana site by deterring pigeons from roosting and breeding on the premises and by limiting potential food sources. This is achieved through regular inspections and removal of feral pigeons. We commenced a programme to control the number of feral cats on site at Kwinana in late 2006. We relocated 13 snakes at the Kwinana site during the year.

Contamination

Our Bayswater site (formerly owned by Cresco) is contaminated from the products of past production of superphosphate. Soil excavations commenced in February 2006 and to date about 136,000 tonnes of contaminated material have been transferred to the Redhill Landfill Facility operated by the Eastern Metropolitan Regional Council, and the Millar Road Waste Transfer Station, operated by the City of Rockingham.

A groundwater treatment plant was commissioned in October 2004, and has treated more than 34,000 kilolitres of water. In this time it has removed 3.3 tonnes of aluminium, 2.6 tonnes of fluoride and 4.3 tonnes of iron from the groundwater, with a removal efficiency of 84.1 per cent of fluoride, 90.8 per cent for phosphorus, 98.8 per cent for aluminium and 99.1 per cent for zinc.

We have received positive feedback from two audits conducted by the Department of Environment and Conservation in April 2006 and February 2007.

Demolition of the buildings not containing asbestos began. One complaint of vibration was received from a nearby business during demolition of the building footings.

The Preliminary Draft Local Structure Plan for this site at Lot 10 Railway Parade, Bayswater, together with the design guidelines, was provided to the City of Bayswater and the Town of Bassendean for comment and was formally submitted early in September 2007. In November 2007 the City of Bayswater formally agreed to support our case for access to the Tonkin Highway reserve.

The technology used to remediate the ammonia arsenic groundwater plume at Kwinana has not been as successful as planned. During the year, we conducted a research programme to increase the efficiency of the remediation and are now reviewing potential process changes with our contractors.

Resource usage

Energy

Energy use during the year related primarily to ammonia and sodium cyanide production and vehicle/equipment fuel.

Total energy consumption was 9,952,204 gigajoules, down 6.5 per cent on last year, mainly due to restricted gas supplies from the north west of Western Australia, and an unplanned shutdown of the ammonia plant.

Our total energy consumption per unit of production was 7.18 gigajoules, up eight per cent on last year.

Energy sources are detailed below.

Fuel

Petrol, diesel and LPG accounted for 0.24 per cent of our total energy consumption by gigajoule. Our petrol, diesel and LPG consumption was 117 kilolitres, 501 kilolitres and 33 kilolitres, respectively.

Electricity

Externally purchased electricity accounted for 0.79 per cent of our total energy consumption by gigajoule. Our electricity consumption was 21,820,027 kilowatt hours. The closure of the chlor alkali plant removed a significant electricity user from our Kwinana site.

Natural gas

Natural gas accounted for 98.5 per cent of our total energy consumption by gigajoule. Our natural gas consumption was estimated to be 9,850,266 gigajoules.

Other materials

Our other raw materials are phosphate rock, sulphuric acid, water, caustic soda, sulphate of ammonia, single mono ammonium phosphate and ammonia which we manufacture from natural gas.

Energy Efficiency Opportunities

Through our parent company Wesfarmers Limited, we are a participant in the Commonwealth Government's Energy Efficiency Opportunities programme.

Water

Consumption

Water use during the year related primarily to our production processes, particularly our cooling towers at Kwinana.

Total water consumption at our Kwinana, Bibra Lake, Bayswater and regional depot sites was 2,439 megalitres. Of this amount, 125 megalitres (5.1 per cent) was scheme water (see Figure 2 for Kwinana scheme water use); 1,279 megalitres (52.4 per cent) was from the Water Corporation's KWRP; 290 megalitres (11.9 per cent) of reverse osmosis water was supplied from the Verve Energy Power Station in Kwinana and 745 megalitres (30.5 per cent) was extracted from

groundwater at our Kwinana site. In addition, we supplied 1,106 megalitres of artesian water to Twest, our industrial neighbour, which reduces their use of scheme water.

Our total water consumption equated to 1.76 kilolitres per tonne of total production. This figure is reduced from 1.96 kilolitres per tonne quoted in the 2005-2006 report due to the increased use of water supplied by the Kwinana Water Reclamation Plant. This water has been used in our cooling towers for the full financial year.

Reuse and recycling

We continue to use treated wastewater from the KWRP. Our wastewater is discharged through SDOOL.

We recycle and reuse production process waters in operations within and between our plants.

Discharges to surface and groundwater

Our Bunbury site captures run-off generated on-site for irrigation purposes.

At Albany our phosphorus discharges decreased during the year from 77.8 kilograms last year to 31.5 kilograms this year. Fluoride discharges decreased from 513 kilograms to 225 kilograms and nitrogen discharges increased from 388 kilograms to 522 kilograms. This increase is related to higher rainfall therefore the nitrogen discharged is more in line with what would be expected during an average rainfall year. We will continue to focus our efforts on reducing nutrient output and will continue to implement our Environmental Management action plan.

At our Kwinana site:

- discharges of metals decreased from 230 kilograms last year to 56 kilograms this year (see Figure 3);
- nitrogen discharges increased from 25,842 kilograms to 28,812 kilograms;
- phosphorus discharges increased from 4,285 kilograms to 5,268 kilograms (the number reported last year was

3,899 kilograms and should have been 4,285); and

- fluoride discharges decreased from 1,568 kilograms to 1,265 kilograms.



SAFETY AND HEALTH

Lost time

Our LTIFR was 2.2 (compared with 5.9 last year) see Figure 4, and during the year, there were three LTIs compared to nine last year. These statistics include contractor hours and injuries.

Our Average Time Lost Rate, which provides a measure of the severity of such injuries, was 74.3 (compared with 30 last year). This is an increase on the number reported last year. Extra time was lost during this financial year which is attributed to an LTI which occurred in 2005/2006. The severity of one injury impacted significantly on this rate. Our average lost time rate includes contractor hours and injuries.

Safety statistics are distributed and discussed by senior management each month and are reported to each Board meeting.

Workers compensation

There were 16 workers compensation claims reported, relating to occurrences during the year, compared with 31 last year (see Figure 5).

Hazard and risk

Programmes

We have a number of methods for identification of hazards, assessment of risks and ensuring adequate controls are in place to contribute to our aim of zero harm to personnel, plant and the general public.

These include observation of hazards entered into SiteSafe and their investigation, Hazard and Operability Studies, job safety analysis, safety team meetings, team-based risk assessments, safety auditing and safety observations.

Emergency response

Throughout the year, a review of emergency procedures and standard operating procedures has been undertaken.

The emergency response and incident management teams have continued to train on a regular basis with 10 exercises conducted.

A major multi-agency hazardous materials exercise for ammonia transportation was undertaken in November 2006 in Southern Cross.

Other emergency responses included:

- eight fire alarm activations at various locations, which were all minor incidents;
- one off-site response to a chlorine drum leak at Manjimup Aquatic Centre, resulting in the chlorine drum being capped and returned to our Kwinana site for testing; and
- two first aid response calls, which resulted in minor treatment at the medical centre.

Materials handling and storage

All raw materials and manufactured products are safely stored and transported around our operations. We have detailed transport management plans for several of our bulk chemicals and detailed training and procedures for all product transport. The contractors transporting our fertiliser between our distribution sites are subject to a contract that sets out appropriate requirements for such transport, in addition to the essential legal requirements.

In August 2006, a vessel containing cyanide was incorrectly delivered to a container depot in Bayswater. Also in August two containers were exported to Thailand carrying the incorrect weight of cyanide. As a result of these incidents, our processes and procedures were reviewed and updated.

Chem Alert continues to be utilised to manage about 2,000 chemicals approved for use at our sites and the Material Safety Data Sheet register is maintained as part of this system. We hold all required licences and permits for our operations.

Risk assessment

External audits of the safety reports for our Major Hazard Facilities (MHF) occur approximately every 18 months. All improvements required are tracked and finalised at regular reviews.

The potential public risk from our MHF is assessed by the use of Quantitative Risk Assessment (QRA). A revised, comprehensive site QRA for Kwinana was completed in May 2007 and accompanied the ammonium nitrate safety report submission to DOCEP.

The process of team-based risk assessments continued throughout the year with assessments completed in a number of our large operations, including demolition and construction work.

Figure 2: Kwinana Scheme Water Use (kilolitres)

98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07
649,836	366,274	276,196	106,843	160,656	101,143	161,873	183,759	125,207

Figure 3: Heavy Metal Discharges to Cockburn Sound and from October 2005 to Sepia Depression (kilograms/year)

98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07
3,194	2,799	947	1,028	894	363	659	230	56

Note 1: The figures shown are discharge totals. Component metals are arsenic, copper, manganese, molybdenum, zinc.
 Note 2: The number reported last year should have been 230 kilograms instead of 159 kilograms.

Over the past year, we have recruited a process safety superintendent and process safety advisor, both with extensive MHF experience. All safety-related policy documentation continues to be reviewed to ensure alignment with changes to legislation.

Employee wellbeing

Our first aid centre at Kwinana is the central area for support services and programmes aimed at improving employee wellbeing. The centre runs special health-focused programmes, such as counselling, health awareness topics, fitness programmes and assessments, audiometric testing, immunisations, subsidies for health club memberships, physiotherapy, health monitoring and health programmes looking at risk factors.

We also offer an annual medical check-up to employees. During the year more than 60 per cent of staff had an annual medical. A general practitioner is available on site for all employees.

Employees who suffer work or non-work-related injury or illness have access to a full range of health support networks to ensure they are provided with the most suitable return-to-work programme.



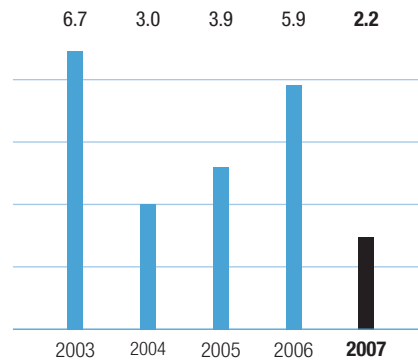
COMMUNITY

Stakeholders

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

We are committed to open communications with our many stakeholders and acknowledge the community's interest in our operations.

Figure 4: Lost Time Injury Frequency Rate*

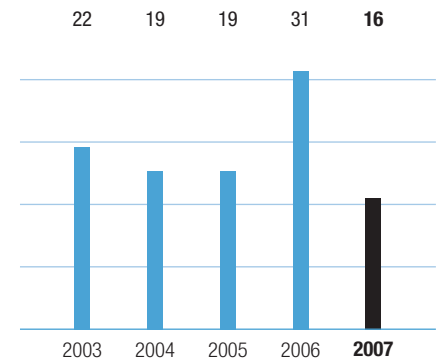


1 July 2002 – 30 June 2007 (as at 30 September 2007)

*Contractor hours and LTIs included

In last year's report, we incorrectly stated that contractor hours and LTIs were not included, when in fact it reported total LTIFRs. The change in reported figures for 2003 and 2004 relate to an escalation of injury classification over the past year.

Figure 5: Number of workers compensation claims



Our stakeholder liaison during the year included:

- 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;
- participating in the Communities and Industries Forum, a bi-monthly public meeting for local industries, councils and communities;
- supporting the Community Information Service, a telephone-based service that provides access to a range of information about industry;
- hosting a stakeholder forum, attended by representatives of government agencies, community and industry organisations to discuss various aspects of our business. Each year, detailed answers to issues raised at the forum are provided to participants;
- hosting 240 visitors as part of formal tour groups to our Kwinana site;
- making available community information bulletins for residents in Bayswater to

- fully inform the local community about the progress of remediation plans for the former Cresco fertiliser site;
- 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 WA to liaise with other industries and participate in the development of new policies;
- responding to requests for community support or donations; and
- providing information about our operations to local media and responding to media requests for information.

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 support both the junior and senior Country Week Cricket Carnival in Western Australia. Ricardow Truter plays for the Peel Junior Cricket Association.

We conduct presentations for local government and stakeholder interest groups, particularly at Kwinana, as well as providing updates on our operations and environmental improvement initiatives.

Response to 2006 Stakeholder Survey

The 2006 Stakeholder Survey reported that 65 per cent of participants believed last year's Social Responsibility Report was 'good' or 'very good' in terms of addressing stakeholder concerns and adequately communicating these concerns. As we have done in previous years, our section of the Wesfarmers 2006 Social Responsibility Report was printed as a separate publication and distributed to our stakeholders.

The most common sustainability opportunities identified by our stakeholders were water management, product and market development, and community engagement and involvement. We are currently working towards developing a sustainability framework for our business which will consider these three opportunities amongst other initiatives.

Feedback/Complaints

The complaints we received this year were in relation to environmental issues as reported above.

We have received positive feedback about the educative nature of our tours from various stakeholder groups.

Action groups

We continued to liaise with interested parties regarding our importation of a significant proportion of our phosphate rock from the Western Sahara in northwest Africa. The sovereignty of this region is in dispute and the United Nations (UN) has been unable to implement a decision to hold a referendum on the issue.

As reported last year, we have obtained internal and external legal opinions and consulted the Australian government, which

supports holding a referendum but does not recognise any particular claim to the region. We have also continued to monitor UN developments regarding negotiations between the Polisario and Morocco.

This year, we have continued to liaise with the Australian representative of the Polisario organisation. The Polisario opposes export of phosphate rock by Moroccan companies, including the mine at Boucraa which supplies us and other companies.

In May, we met with representatives from the Office Cherifien Des Phosphates, the organisation that exports phosphate from the Boucraa mine.

In July 2007, we met with a representative from the Saharawi Journalists and Writers Union.

As reported last year, we began investigating technological changes to our manufacturing process which may allow us in the longer term to accept raw material from other sources where the rock is currently not suitable. Laboratory scale testing has demonstrated the potential of this technology. Engineering studies are underway to determine the feasibility and costs of introducing this technology on a scale suitable for the manufacturing plant.

Our wider social responsibility obligations to our employees and the farming community which we supply will be considered as part of any decision.

We liaised with various local interest groups throughout the year. In addition to attending the bi-monthly Communities and Industries Forums, we also participated in the Kwinana Industry Public Safety Liaison Group. During the year, we gave presentations at the Kwinana Industries Council Noise Reference Group, the 2007 PACIA National Conference, and several other forums.

Communication

Newsletters and reports

We provide information to key stakeholders about our business. Newsletters are produced for both our employees and external audiences.

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.

Community support

We provided support to 85 organisations in 2006/2007, either through financial support or through the donation of goods. Our sponsorship guidelines, used to assess requests, specify that support must be directed towards the communities in which we operate.

We entered into a three year partnership with Youth Focus, a not-for-profit organisation which assists young people at risk of suicide or self harm. Part of this partnership has

enabled Youth Focus to operate a Kwinana-based counselling service for young people in the local area.

We have also committed to a five-year partnership with the Royal Agricultural Society Hall of Fame, specifically through supporting the production of an electronic video which celebrates the inductees' appointment to the Society's Hall of Fame.

Research

As a member of the Australian Minerals Industry Research Association we support research into the safe use and disposal of sodium cyanide, a gold reagent used by the mining industry.

We continue to support agricultural research programmes including:

- the University of Western Australia's Turf Research Programme which investigates irrigation and fertiliser management strategies for turf; and
- the University of Western Australia's Albany Sustainability Fund research project assessing the role of perennial pasture grazing systems in enhancing the utilisation of phosphorus and nitrogen.

This year we contributed to the funding of nutrient research on dairy pastures in the south west in conjunction with the Department of Agriculture and Food.

We invest approximately \$500,000 each year in our own agricultural research activities. The underlying aim of this research is to enhance economic returns for the end user by maximising nutrient uptake and improving plant productivity and quality.

We continued to engage Murdoch University in researching the performance of our pilot nutrient stripping wetland.

Through these initiatives we strive to minimise the impact of our products on the environment and community.

Scholarships

During the year, we provided funding for an Australian Nuffield farming scholarship. We also supported engineering graduates by providing funding for three end of year prizes for the Engineering Department at the University of Western Australia, as well as the Best Design Project prize at Curtin University of Technology.

Awards

Our sodium cyanide business won the Premier's Award for Excellence and the Large Advanced Manufacturers Award at the WA 2006 Industry and Export Awards. We were also awarded the Community Partnerships Award at the 2006 WA Water Awards.



Managing Director Keith Gordon accepts the Community Partnership Award at the 2006 WA Water Awards from the Minister for Water Resources John Kobelke MLA.

CASE STUDY

New ammonium nitrate facilities In late 2007 we will commence commissioning a major expansion of our ammonium nitrate production facilities, with new storage and distribution facilities, at Kwinana.

The project will expand our ammonium nitrate production to 470,000 tonnes per annum and includes a new nitric acid/ ammonium nitrate plant, a new prilling plant, replacement storage and new security features.

As a major growth project for our business, it also reflects the increased focus we have on sustainability throughout the life of a project.

While the plant will provide vital inputs to Western Australia's mining and agricultural industries, and reduce imports to Australia, the success of the facility will also contribute to the long-term sustainability of our business. In addition, there are a number of environmental and social considerations which have been incorporated in the project.

From an environmental perspective, world standard energy efficient design will be utilised to maximise waste heat recovery from the nitric acid plant and the ammonium nitrate plant, increasing power generation and hence reducing greenhouse gases. In addition, the plant is designed to incorporate the technology to reduce N₂O emissions (an important greenhouse gas) when the technology is commercially viable. The new prilling plant includes a scrubbing system which is designed to significantly reduce particulate emissions and all of the plants have been designed



Work continued during the year on the construction of the new ammonium nitrate facilities, at Kwinana, Western Australia.

to minimise noise significantly. We have already acquired sufficient water resources from the KWRP to supply the new plant.

The project has also had a positive impact on our community, with the construction process employing over 200 people for 18 months. Once the project is complete it is expected that approximately 20 new ongoing roles will be required.

The success of this project will impact on the success of our business. Ensuring we consider our employees, our communities and our environment has been an important part of the project.

08 PRIORITIES FOR THE FUTURE

PRIORITY

Improve workplace safety, control risk and minimise injury.

PRIORITY

Reduce contaminant emissions to air, water and land.

PRIORITY

Operate our manufacturing and storage facilities to high standards of process safety.

PRIORITY

Effectively deal with our legacy wastes.

PRIORITY

Attract and retain a skilled workforce.

PRIORITY

Supply quality products and services to our customers safely.

PRIORITY

Increase our use of recycled and reclaimed water supply sources.

PRIORITY

Positively contribute to and engage with the communities in which we operate.



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