



SOCIAL IMPACT MANAGEMENT

Effectively engaging stakeholders, managing social impacts and delivering lasting benefits to local and regional communities is critical to obtaining and maintaining a social licence to operate.

A Social Impact Assessment has been completed as a component of the Bylong Coal Project’s (the Project) Environmental Impact Statement (EIS). The purpose of the Social Impact Assessment was to develop a socio-economic profile of the local area, including the regional service centre of Mudgee, the smaller towns of Gulgong, Kandos and Rylstone and other nearby villages and localities. The Social Impact Assessment also identifies potential future social impacts which may result from the Project and proposes relevant management measures. Additionally, actions have been identified to enhance project benefits and social opportunities for the local region.

ECONOMIC BENEFITS

The development of resources associated with the Project will deliver considerable economic and social benefits to the various levels of the Australian economy. With relatively stable agricultural production and diminishing manufacturing in Australia, the socio-economic benefits that flow from mining (including coal mining) are increasingly important to the Australian economy and the maintenance of Australia’s standard of living.

The Project will provide net production benefits (present value) to Australia of \$596 Million (\$315 Million to NSW) and will:

- Create approximately 830 direct and indirect jobs within the Mid-Western Regional Council area
- Create approximately 1,496 direct and indirect jobs in New South Wales (NSW)
- Continue and extend financial support to the region, NSW and Australia with the provision of taxation and royalty benefits of \$592 Million over the project life.

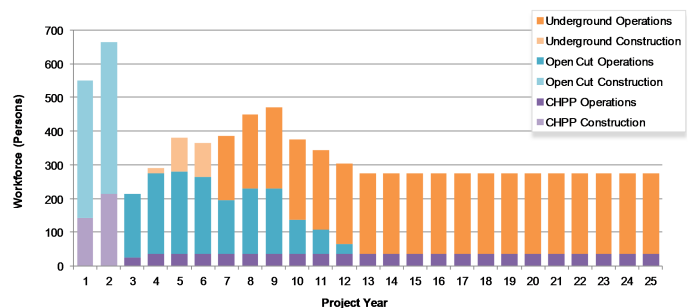
EMPLOYMENT OPPORTUNITIES

A softening of the labour market has occurred across the Mid-Western Regional Council local government area and adjoining regions due to the slow-down in the mining industry.

The Project will benefit local and regional communities through the provision of new direct and indirect employment opportunities, with up to approximately 665 people required at peak construction and up to 470 people during peak operations (refer to figure below).

The Project will also increase the size of the labour force available for the non-mining sector through the introduction of new residents associated with project employees.

Peak Project Workforce



*CHPP – Coal Handling and Preparation Plant

POPULATION GROWTH

Due to the effects of rural decline, the population of the Bylong Valley has been decreasing since the 1980s. As such, the Project offers an important opportunity to reverse this trend, introduce new residents into the local area, facilitate economic growth and boost the provision of social services and facilities.

The Mudgee region is expected to experience strong population growth over the next 20 years. The Mid-Western Regional

Council is actively planning its development of community services to accommodate this growth. With careful planning and targeted financial and indirect contributions, KEPCO Bylong Australia (KEPCO) is confident any increase in demand for social services and infrastructure from the Project can be appropriately accommodated and or managed.

HOUSING AND ACCOMMODATION

Following extensive and ongoing consultation with Mid-Western Regional Council, KEPCO proposes to seek approval for a temporary Workforce Accommodation Facility for the workers that cannot be housed within Mudgee and its surrounds. The project workforce will therefore be accommodated through a combination of the use of:

- A temporary Workforce Accommodation Facility near the project site during the construction phase
- Existing KEPCO-owned housing in the Bylong Valley
- Private housing in the local area (i.e. within a one hour commute of the Project)
- Short-term (e.g. rentals, hotel/motels) accommodation options in the local area as necessary.

KEPCO is encouraging operations employees and their families to relocate permanently to within a one hour commute of the project boundary, with 85% of these people predicted to relocate to Mudgee.

COMMUNITY INFRASTRUCTURE AND SERVICES

As a component of the Social Impact Assessment, a comprehensive engagement program was completed with local service providers to discuss potential social impacts.

Service providers confirmed that the majority of predicted project impacts on individual services including health, children's and primary and secondary education services will be able to be absorbed by the 'natural' growth of those services.



Clients of the Mudgee Disability Support Service; recipients of funding from KEPCO's Community Investment Fund

SOCIAL IMPACT MANAGEMENT PLAN

KEPCO will develop and implement a *Social Impact Management Plan* which will document the full suite of mitigation strategies proposed for the Project including mitigation strategies to be potentially funded via the Community Investment Fund, proposed under a Voluntary Planning Agreement.

The *Social Impact Management Plan* will also include a strategy for monitoring social impacts and the success of management strategies.

Voluntary Planning Agreement

Over the life of the Project, KEPCO will contribute funds towards community infrastructure as a component of its Voluntary Planning Agreement (VPA) with Mid-Western Regional Council. The VPA is a primary mechanism for managing residual socio-economic impacts associated with the Project and enhancing benefits and opportunities for the local area.

Mid-Western Regional Council intends to use KEPCO's VPA contributions to deliver community infrastructure in accordance with the priorities of Council's 'Towards 2030 Community Plan'.

The VPA was placed on public exhibition in late March 2016, for a period of 28 days in accordance with the requirements of the *Environmental Planning and Assessment Act 1979*.