

Golden Link - Consultation Progress, December 2011

Background

In October we circulated a summary of your suggestions about property issues and community improvements (“Golden Link - Your Views, October 2011”) and we asked for your feedback. We thank all those who have returned questionnaires and made recommendations. The document you are reading now is a report on progress we have made since then towards formulating a policy on property and community improvements (PCI) related to our ‘Golden Link’ proposals.

The purpose of this document is to stimulate further comment and suggestions from the Waihi community around what would be the best approach to take on property and community improvement issues if the two Golden Link projects (the Martha Exploration Project and the Correnso underground mine proposal) go ahead.

We encourage you to provide comment or additional suggestions – either in writing or by meeting with us.

We wish to make it clear that this document is NOT Newmont Waihi Gold’s Property and Community Improvement (PCI) Policy. It is a further chance for you to provide comment on our progress and direction before the policy itself is finalised. The final policy will also take into account the work being done by Hauraki District Council to collate ideas from various community groups.

We would also like to emphasise that this document makes several recommendations that would need the approval or agreement of Hauraki District Council, Waikato Regional Council and other groups or organisations. These are Newmont Waihi Gold proposals only and there is no guarantee that other parties will concur with them.

While some may consider this process is taking a long time, we believe our consultation must be inclusive and two-way to be truly effective and this should not be rushed. We will continue to listen to your views because we want to get this right. There are also some internal approval processes we must go through. We hope that the final policy we formulate will be generally acceptable to the Waihi community and able to be applied to any future proposals.

The final PCI policy will be submitted along with our consent applications for the Correnso Underground Mine proposal. Regardless of the date the applications are submitted, our PCI policy will be ready in February 2012.

While every effort has been made to develop a policy that reflects residents’ views as expressed to us, it has not been possible to include every suggestion that has been made. We have taken account of the majority view point, the practicality of implementing the suggestions and the need to work within a budget.

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Part One: Introduction

The feedback

'Golden Link – consultation progress, December 2011' has been compiled based on feedback we received from:

- talking with approximately 600 residents at their homes following the announcement of the Correnso proposal and the MEP project
- meetings held with community groups and individual residents
- the 'My Views' feedback form from our document distributed in October ("Golden Link - Your Views, October 2011")
- written recommendations provided by DRAT, Waihi East Ratepayers Group, the Community Development and Enhancement in Waihi East Group, Real Estate Agents, and HDC councillors
- meetings with members of the Insurance Council of NZ and with banks and valuers

Your views – responses to our questionnaire

The top ten: What you DO want to see in the policy

1. Top-up on property purchases
2. NWG pays for any damage
3. NWG buying properties
4. Compensation
5. Increase AEP
6. Maintain and improve property / property values
7. Help school and pre-schools / support education
8. Better open spaces, parks and reserves, playgrounds, community gardens
9. Heated swimming pool
10. Improved infrastructure.

The top ten: What you DON'T want to see in the policy

1. Furnishing in homes, house extensions, painting or maintenance, heating systems, new fences
2. Abandonment of affected residents' interests, residents financially disadvantaged, issues not addressed
3. Assistance for small businesses
4. Cinema
5. NWG pays no compensation
6. Development of east end slum, undesirable tenants
7. Lack of communication, dishonesty, lack of commitment
8. Heated swimming pool
9. NWG buying properties
10. Deterioration of air quality, other environmental effects.

Why formulate a policy?

As part of the consents process we are required to carry out consultation on our proposals with a range of stakeholders. We believe that for consultation to be effective it should be inclusive of as many groups and individuals as possible and it should be two way, regular and frequent. We aim to respond to as much local feedback received during the consultation process as is practicable. The feedback we have received so far is telling us that the community feels strongly about property and community issues and requires us to have a policy that will provide the community with assurances.

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Your feedback on this document will help to produce our final policy*

Balancing the options

One of the hardest things to resolve in developing the proposed Property and Community Improvement Policy is how to strike a balance between different options. There is naturally a limit to how much we can do before the project as a whole becomes unviable. Also, different property and community improvement options will have different economic and social impacts, some positive and some negative. We believe we have a responsibility to act in a way that enhances the long-term social and economic development of Waihi and we will need to strive for the right balance of options to achieve the optimal outcome for the community.

There are four important factors that we have kept in mind when developing this document and that we'd like you to also consider when providing your feedback:

- **What is the right balance between those programmes that benefit individuals, and those programmes that benefit the community as a whole?** Programmes focused on individual residents obviously help to address the concerns of those people, but they are less sustainable in the long-term – i.e., if the mine were to close the benefits would stop. Community-level benefits, on the other hand, have a far greater chance of delivering benefits long after the mine is closed. In the feedback we received to our questionnaires, people said they wanted our policy to mainly focus on benefits for individuals, but that they also wanted our policy to include community-level programmes.
- **What is the cost of each option relative to the number of people it will benefit?** For example, purchasing individual properties has a very high level of cost relative to the number of people who it would benefit. In comparison, providing some form of “top up” on property sales is less costly per property and therefore could be offered to a wider group of people than outright property purchase.
- **Does the programme provide short-term or long-term benefits?** Some options such as cash payments through the Amenity Effect Programme (AEP) provide relatively short-term cash benefits to those who receive them. Investment in community infrastructure, for example in parks and tree planting, has the potential to benefit the community in the long term.
- **What is the fairest way to decide who is eligible for which programmes?** Any decision on ‘who gets what’ creates a boundary. Boundaries, while necessary, have the potential to cause real or perceived inequities, so the challenge is always how and where to set them. Our default assumption is that those residents closest to the proposed projects should benefit more than those further away from it. The advantage of this approach is that any boundaries for programmes can be defined based on scientifically measurable effects. The disadvantage is that it leaves no room to consider the individual life circumstances of different residents.

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Part Two: Summary of our proposals

Independent panels

There is a strong demand for ongoing community involvement in our activities and decision-making – not just when new projects are being considered and not just through contact on the 0800 community engagement line on a day to day basis. To demonstrate transparency and our commitments to the Waihi community and the local environment we propose to establish various independent groups that will be involved in AEP reviews, property issues, environmental monitoring and community improvements. We are presently proposing that the groups will consist of council, community and Newmont interests and in some cases, where appropriate and desirable, will include input from outside the district if a neutral, independent, expert opinion was required. Newmont would make resources available to these groups to enable them to carry out their activities independently of the company.

Property purchase and ‘top-up’

Initially a limited number of property purchases is likely. We hope that decisions on which properties to purchase will be made by one of the independent panels rather than by Newmont alone. A ‘top-up’ policy will apply more broadly throughout the life of the operations.

‘Top-up’ – Newmont will meet the gap between a buyer’s realistic offer and a vendor’s realistic market price for properties within a defined area close to our proposed mining operations. Conditions will apply.

Insurance

The Insurance Council NZ advises that there is no withdrawal of insurers from the Waihi market and there is no change of status for Waihi properties. The rise in insurance premiums is New Zealand-wide (as a result of events such as the Christchurch earthquakes) and is not specific to Waihi.

We break, we pay

We have been asked for a guarantee that we will address any property damage we may cause. We are looking at ways to do this and we suggest that the assessment of any perceived damage to properties is made independent of Newmont.

Amenity Effect Programme (AEP)

The way we administer the AEP is not well understood by residents so we will consider simplifying it by introducing fixed payment zones rather than paying out on an individual basis. Other issues such as eligibility, proximity to drill rigs and frequency of payments will be reviewed.

School, kindergarten and day care centres

Because Waihi East School, Waihi Free Kindergarten and two day care centres are the most widely used community spaces in the Waihi East area we will provide them with additional support.

The ‘Green Fund’

We propose to establish an independently-managed fund to improve energy conservation and healthier homes for those who want to take part in this initiative.

Community improvement fund

We propose to establish an independently-managed fund that will identify and implement projects in Waihi East that will improve the community as a whole, as well as contribute to improving property values in the area.

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Part Three: Our Proposals

Independent panels

There is a strong demand for ongoing community involvement in our activities and decision-making – not just when new projects are being considered and not just through contact on the 0800 community engagement line on a day to day basis. To demonstrate transparency and our commitments to the Waihi community and the local environment we propose to establish various independent groups that will be involved in AEP reviews, property issues, environmental monitoring and community improvements. We are presently proposing that the groups will consist of council, community and Newmont interests and in some cases, where appropriate and desirable, will include input from outside the district if a neutral, independent, expert opinion was required. Newmont would make resources available to these groups to enable them to carry out their activities independently of the company.

Property purchase and top ups

Initially a limited number of property purchases is likely. We propose that decisions on which properties to purchase and other decisions relating to purchase will be made by one of the independent panels rather than by Newmont alone. This panel would have the responsibility to make decisions about which properties Newmont should purchase based on a set of agreed criteria.

A 'top-up' policy will apply more broadly throughout the life of the operations. Newmont will meet the gap between a buyer's realistic offer and a vendor's realistic market price for properties within a defined area close to our proposed mining operations. Agreed conditions will apply.

A suggestion has been made that the total number of top-ups or purchases per year should be capped to the number of sales that would be normally be generated by the market – i.e., Newmont should not assist more sales than the average number of buyers over the past few years.

Any property valuations would be carried out by independent valuers and the valuation would be on the basis that the mine did not exist. Purchases would include contributions to legal costs, moving expenses and financial advice and budgeting support.

We propose that the implementation of any property purchase and/or top-up arrangement would be one of the areas reported on by the independent panel.

We expect that the final policy we formulate will be able to be applied to any future proposals when consents are granted.

Insurance

The Insurance Council NZ advises that there is no withdrawal of insurers from the Waihi market and there is no change of status for Waihi properties. There has been a rise in insurance premiums but this occurrence is New Zealand-wide (as a result of events such as the Christchurch earthquakes) and is not specific to Waihi.

ICNZ members are satisfied with existing levels of evidence on effects of mining, and most impacts that could be considered mining related (such as subsidence or effects due to man-made vibration) are already excluded from all policies, globally.

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We break, we pay

We have been asked for a guarantee that we will address any property damage we may cause. We are looking at ways to do this and we suggest that the assessment of any perceived damage to properties is made independent of Newmont.

We propose to develop the concept of an independent third party property assessor who would make a decision on the type of expert to bring in to assess a situation where a resident perceives there is damage to the home as a result of mining activity.

Once the property assessor had determined which experts to use, residents would be able to choose, from an approved short-list of providers, which experts to use in this assessment (building assessor, geotechnical expert, hydrogeologist).

If the assessor, based on evidence provided, recommends that Newmont Waihi Gold pays for repairs and NWG is in agreement, residents would be given a choice of what builder, painter, gib-stopper to use (again from an approved short-list). A Scope of Work would be set for the third party property assessor and NWG would provide an operating budget.

Pre-production building surveys

We suggest that a selection of structural surveys be carried out per street based on the style and age of house. We also suggest that a number of control properties, located away from mining operations, should be identified and surveyed to assess what could be considered 'normal' wear and tear.

We propose that buildings other than residential buildings (educational facilities) are also surveyed.

Amenity Effect Programme

Our polling has shown that the way we administer the AEP is not well understood by residents so we will consider simplifying it by introducing fixed payment zones rather than paying out on an individual basis. Other issues such as eligibility, proximity to drill rigs and frequency of payments will be reviewed.

We are committed to continue with the AEP. The next payment will be made in February 2012 for the period July – December 2011. Any changes to the manner in which the AEP is administered will take effect from July 2012. The programme will continue to be reviewed periodically.

Suggested changes and improvements to the AEP are as follows:

- Clearly defined boundaries for both noise and vibration (currently this relates only to noise)
- More frequent, smaller payments
- Fixed payment zones determined annually rather than payments based on actual effects. For example, Zone A = \$x; Zone B = \$y; Zone C = \$z. All homes within the same zone would receive the same amount.
- Recalculation of payments to bring noise and vibration payments more into line. Currently noise seems to have greater and more sustained impact on amenity than vibration does.
- Payments for residents adjacent to drill rig sites during the period the rig operates.
- Payments to employees of NWG and their contractors.

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School, kindergarten, day care centres

Because Waihi East School, Waihi Free Kindergarten and two day care centres are the most widely used community spaces in the Waihi East area we will provide them with additional support.

The 'Green Fund'

We propose to establish an independently-managed fund to improve energy conservation and provide healthier homes for those who want to take part in this initiative.

We would work with energy conservation and housing professionals to identify the most effective home improvements that could be offered such as insulation, cylinder wraps and solar heating. This would be entirely voluntary - residents would have the choice whether or not they take up the offer.

Benefits would include:

- Financial – reduced power consumption would equate to cash in hand.
- Amenity – the potential for improved air quality, elimination of inefficient heating and increased sound-proofing of properties.
- Environmental – should be possible to count carbon emission reduction.
- Property values – tangible increase in Waihi East property values.
- Health – warmer, less damp houses.
- Economic – where possible, local contractors could be involved in this work.

Community improvement fund

We propose to establish an independently-managed fund that will identify and implement projects in Waihi East that will improve the community as a whole, as well as contribute to improving property values in the area. The fund would be administered by a group consisting of representatives of local residents, HDC and NWG

The group would have a set annual budget. Newmont would facilitate or finance some professional advice if required. A scope of work would be prepared that would ensure the mandate of the group is to focus only on community projects that would demonstrably improve property values across the board.

Monitoring and mitigation

We suggest re-instatement of the Paeroa and Katikati air quality control sites. When these sites were included in our regular monitoring regime we were able to compare air quality data between Waihi and other towns.

Another area that might benefit from a joint community / council / company panel would be environmental monitoring. Such a group could:

- accompany environmental technicians during monitoring activities
- review monitoring results and report to the community and other interested parties
- be informed of the workings of the AEP and how payments are calculated

Cash payments

We do not intend to make any cash payments to any residents or individuals with the exception of the AEP. Any redress for perceived loss of property value should only be made at the point of sale, through top-up, not in advance.

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How to contact us:

Further copies of this document are available at our Golden Link office in Seddon Street, next to the Waihi Memorial Hall. This shop will be open Mondays, Wednesdays and Fridays from 10.00am to 1.00pm. Over the Christmas and New Year period the office will be closed after Friday 23 December and will reopen on Wednesday 4 January 2012.

Pick up a copy from our Moresby Avenue receptionist Monday to Friday, 8.00am to 5.00pm.

Download a copy from our website www.waihiGold.co.nz.

For enquiries please call our community engagement line 0800 NEWMONT (0800 639 6668).

We value your feedback. Please contact us as above.

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