

Supporting Information.

The following summary was provided by Bengalla Mine (Rio Tinto) after they were identified as having the most improved cost initiative of ALL sites Australia wide.

The direct cost saving is approx..\$10 - \$15,000 per month = \$120-\$150,000 PA.

The other savings that are also significant include;

- Elimination of lost freight
- Set time deliveries, same driver = efficiencies with storemen.
- Better planning by stores and maintenance to work with known times.
- Substantial reduction in paperwork and multiple invoices from numerous suppliers.
- A much friendlier and relaxed working relationship.

Although this is a great result, it is also typical of the result of every site we assist.

From: Donohue, Aaron (RTCA) [<mailto:Aaron.Donohue@riotinto.com>]

Sent: Friday, 10 October 2014 10:56 AM

To: Aaron Goadsby

Cc: Clegg, Peter (RTCA)

Subject: Here you Aaron

Aaron,

Below is an amended version of the Improvementgram that went out to site personnel. Some names have been changed to protect the innocent and obviously the cost information has been removed.

I hope this helps with your nomination.

Cheers,

Aaron

WHAT WAS HAPPENING?

- Freight was being delivered by which ever company the originator contacted or preferred. The purchasing team were observing astronomically high invoices and were convinced that a particular service provider could provide a much lower cost service with a greater focus on customer service.

General freight was largely conducted by xxx prior to the trial. For the period of January to the end of March this year, general freight was conducted by xxx at a significant cost per quarter.

HOW DID WE IMPROVE IT?

- The purchasing team proposed a trial for general freight using Pit Patrol instead of xx. The trial would be for a period of three months and involved keeping all stakeholders informed of the progress of the trial.
- The three month trial concluded on Friday (22 Aug 14).
- Pit Patrol has demonstrated a service that focusses on the needs of Bengalla ensuring as much as possible to have same day service.

Pit Patrol have met all requirements by the store personnel and accommodated where any shortcomings were identified.

WHAT IMPACT DO WE EXPECT THE CHANGE TO HAVE?

- Pit Patrol's general freight services were conducted at an average cost approximately 1/3 lower per quarter
- Leading to a significant annualised savings for general freight, when compared to the previous service provider
- The outcome is that Pit Patrol will be the preferred provider for all aspects of freight (general, emergency and interstate freight)

Improved delivery service, leading to parts and equipment to Bengalla in a timely and professional manner has positively contributed to Bengalla's increased mining equipment availability, which then leads to an increase in productivity for Bengalla.

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