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RIO TINTO

**Submission to the House of Representatives
Standing Committee on Aboriginal and
Torres Strait Islander Affairs**

Inquiry into Indigenous Employment

May 2005

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1. Executive Summary

Terms of Reference

This paper is in response to the following terms of reference:

'That the Committee inquire into positive factors and examples amongst Indigenous communities and individuals, which have improved employment outcomes in both the public and private sectors; and

- 1. recommend to the Government ways this can inform future policy development; and*
- 2. assess what significant factors have contributed to those positive outcomes identified, including what contribution practical reconciliation has made.'*

Rio Tinto has learned to work effectively to increase employment outcomes for Indigenous people. The complexity of the challenges facing Indigenous Australians requires innovation and commitment from companies and governments in partnership with Indigenous people.

Through this submission Rio Tinto is seeking continuing investment by the Australian Government to increase employment participation by Indigenous people. This will ensure that Indigenous people can maximise the opportunities to be part of the mainstream economy, and benefit from the wealth generated by the mining industry in Australia.

Rio Tinto appreciates that relationships between mining companies and Indigenous people must be built on trust, sound local area governance, formal recognition of Indigenous land connection, and shared participation in the mainstream economy in areas where the Group operates.

Rio Tinto's global policies and their local articulation have direct relevance to this inquiry. Rio Tinto plays an important part in regional development by providing a local employment base, by developing local skills, by stimulating local Indigenous business activity, by contributing to regional infrastructure, and more generally by generating a base for regional economic multipliers.

Currently, there are some 700 Indigenous people in Rio Tinto's workforce - comprising 7% of the Rio Tinto's Australian employees. Over the past five years the Group's operations have implemented an Indigenous employment strategy, which has seen the level of employment increase from below 0.5% in 1999 to the current level.¹

¹ Corporate Leaders Awards – submission to DEWR 2002

In Australia, Rio Tinto has many years of experience in Indigenous employment and appreciates the opportunity to share its learning to inform future policy development in this area. Rio Tinto has demonstrated an organisational capability to support Indigenous employment but it is facing major barriers. Through this submission Rio Tinto wants to make it clear to the Australian Government that decisive national action needs to be taken to support the mainstream employment of Indigenous people.

Furthermore, skills shortages are an issue for the Australian economy generally, and the mining sector in particular. Skills shortages are impacting directly on production levels and expansion opportunities. Skilled migration to address skills needs is not Rio Tinto's preferred option, as that course means that Indigenous people are less likely to benefit from the current strong employment growth in the mining sector.

It is Rio Tinto's experience that many funded TAFE institutions are unable to adequately provide the training needed by the mining industry. Local training providers are limited in their capacity to forecast and deliver timely and targeted training to meet current and future mining skills demands.

Rio Tinto wants to acknowledge the importance of Australian Government partnerships over the past five years in enabling the Group to rapidly increase Indigenous employment within its workforce. Without the DEWR corporate leaders and STEP programs the Group would not have been able to adequately address the educational and training disadvantage of Indigenous people in the regions in which it mines. That funding contribution has provided job readiness training and developed employees' skills levels to enable them to take up full time sustainable employment. The pool of Indigenous people in the mining industry, at some 2,500, is not yet sustainable.

Rio Tinto encourages the Australian Government to continue to provide funding to address the disadvantages of Indigenous people. Funding and support for literacy training is urgent. Relatively few Indigenous employees possess Year 8 literacy levels on entry to the workforce. To ensure the safety of employees, Rio Tinto companies have had to purchase expensive literacy training from the TAFE sector. It seems unreasonable that the cost to address systemic literacy problems should be shifted to the private sector.

As part of a Regional Partnership Agreements framework, governments, community organizations and industry must work together to formulate a five year employment plan that harnesses opportunities within a mining region and engages with other employers to maximise Indigenous employment.

In this regard, Rio Tinto is supporting a comprehensive research project on Indigenous employment in the mining industry, based at the Centre for Socially Responsible Mining, The University of Queensland. The study is being conducted using an International Organisation for Standardization (ISO) Management System framework.

All Rio Tinto businesses in remote and rural Australia are being surveyed, extending to other collaborating companies in 2006. Within the rigorous ISO framework, 80 specific employment system elements are being ranked as implemented, not implemented or partially implemented. The results will form the basis for an informed assessment of what works best, and the subsequent formulation of a comprehensive Indigenous employment 'toolbox' at a level of detail greater than the analysis represented in this submission. The findings will be publicly available, reflecting Rio Tinto's view that growing the pool of work-ready Aboriginal employees for the mining industry is a project of national importance, not one of competitive focus. Interim findings are anticipated at the end of 2005.

Rio Tinto has spent much time in consultation with Indigenous people as it has developed and implemented its Indigenous employment strategy. While acknowledging that there is plenty more to do, one fundamental tenet of the program is that Indigenous employment is 'the business of the business'. Indigenous employment is firmly embedded – 'built in, not bolted on'.

2. Rio Tinto

2.1 Company Overview

Rio Tinto employs approximately 10,000 people across Australia, and in addition indirectly employs many more people through contracts in a diverse range of industries including construction, hospitality, shipping and transport. The Group operations contribute to sustainable development and they work as closely as possible with local communities, respecting Indigenous laws and customs. A highly skilled workforce underpins the success of the business operations in Australia, and the development of a locally based Indigenous workforce reflects the implementation of key policies of the Group.

Rio Tinto was formed in 1995 by the merging, as a dual listed entity, of the Australian based CRA Limited and the United Kingdom based RTZ PLC. It has operations in some 20 different countries worldwide. Some 61% of its assets are in Australia and New Zealand. It is predominantly engaged in the mining and smelting of minerals and metals, and is a major producer of iron ore, coal, copper, diamonds, borax and aluminium. It also produces

substantial volumes of gold, nickel, zinc, titanium oxide, uranium and industrial salt.

Rio Tinto's operations in Australia are:

- Hamersley Iron, Robe River Iron – now operating as Pilbara Iron, Argyle Diamond Mine, Three Springs Talc, Dampier Salt and Hismelt in Western Australia.
- ERA-Ranger Uranium mine in the Northern Territory.
- Northparkes Copper in New South Wales.
- Rio Tinto Coal Australia – Queensland and New South Wales in the Hunter Valley.
- Comalco - bauxite mining at Weipa, Queensland, alumina refining at Gladstone, Queensland and aluminium smelting at Gladstone and Bell Bay in Tasmania.

The Group also conducts Australian and south Asian exploration from a base in Perth. A corporate Group and Rio Tinto's worldwide technical services are based in Melbourne.

Rio Tinto's policy worldwide is to recognise and work with local and land-connected peoples in the planning of its operations. In 1995, the Group embarked on a strategy of formally working in active partnerships with Aboriginal people in Australia.²

Wherever Rio Tinto operates in Australia, the Group seeks consultative mine development and land access agreements with Indigenous traditional owners.³

Since 1996, Rio Tinto has signed seven major mine development agreements and negotiated more than 60 exploration agreements across Australia. The value of the investment in the economic and social futures of Indigenous communities made by the Group through these agreements has been calculated at around \$400 million.⁴ Among other things, monies are allocated to benefits-receiving trusts and programs relating to education, training and employment, business development, cultural heritage protection, environmental co-management and cross cultural education.⁵

² Leon Davis, *New Directions for CRA*, paper delivered to the Securities Institute of Australia, March 1995, p4

³ Rio Tinto Limited, Submission to Joint Committee on Native Title and the Aboriginal and Torres Strait Islander Land Fund – Inquiry into the Effectiveness of the National Native Title Tribunal, October 2002 ('Oct 2002 Rio Submission'), para 1.4.

⁴ Bruce Harvey and Eddie Fry, *What Cost Native Title?*, November 2003

⁵ Harvey and Fry paper.

2.2 Rio Tinto Indigenous Employment Strategy

In Australia, Rio Tinto has developed an Aboriginal and Torres Strait Islands peoples policy based on recognition and respect. This policy underpins all of the Group's relationships with Indigenous people.

Rio Tinto Policy

In all exploration and development in Australia, Rio Tinto will always consider Aboriginal and Torres Strait Islands peoples issues.

Where there are traditional or historical connections to particular land and waters, Rio Tinto will engage with Aboriginal and Torres Strait Islands stakeholders and their representatives to find mutually advantageous outcomes.

Outcomes for Aboriginal and Torres Strait Islands people will result from listening to them.

Economic independence through direct employment, business development and training are among advantages that Rio Tinto will offer.

Strong support will be given to activities that are sustainable after Rio Tinto has left the area.

In implementing the policy, Rio Tinto is committed to the process of reconciliation between Indigenous and non-Indigenous Australians:

- It wishes to work in partnership with Aboriginal and Torres Strait Islands people at the local level to develop strategies for direct employment and contracting; and
- It is committed to achieving a growth in employment for Indigenous Australians in areas where it has business operations.

The Indigenous Employment strategy gives effect to these policy objectives. The success of the strategy is evident in the growing numbers of Indigenous employees, with some 700 Indigenous employees within the Rio Tinto Group in Australia. While this is a significant number of people, there is still considerable development ahead, as Rio Tinto operations have set Indigenous employment targets that reflect the local Indigenous demographics in regions where it operates.

2.3 Partnerships with the Australian Government to improve Indigenous Employment

Since the late 1990s the Rio Tinto Group has successfully worked in partnership with the Australian Government and local Indigenous communities to address the disadvantage of Indigenous people. A substantial skills training program developed with funding assistance from the Department of Employment and Workplace Relations has successfully led to the recruitment and retention of Indigenous employees across all operations.

Programs have included:

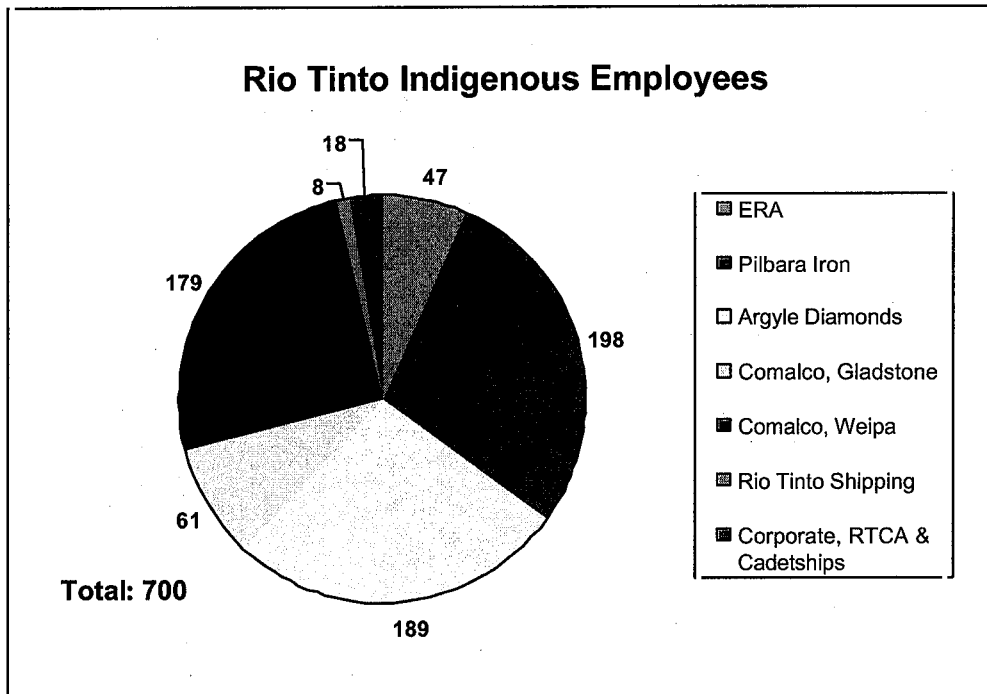
- Corporate Leaders for Indigenous Employment 1999–2002. A commitment to increase employment across Rio Tinto operations by an additional 200 employees. Rio Tinto won the inaugural Prime Minister's Award in 2002 for this program.
- Structured Training and Employment Program (STEP) contract with Hamersley Iron 1999–2002. The program has trained and employed 40 Indigenous apprentices in Metaliferous mining, mechanical and engineering trades. One of the apprentices won the 2002 Indigenous Employee of the year in the Corporate Leaders Award.
- Comalco Weipa–STEP contract 2002–2005. A Comalco employee won the Neville Bonner Indigenous Award in 2005 as part of the Corporate Leaders Award.
- Argyle Diamonds. STEP contract of 150 additional trainees and apprentices. An Argyle employee won the Managers Award in the Corporate Leaders program in 2005.
- Indigenous Cadetships.
Rio Tinto wants to attract and retain skilled Indigenous people in a range of positions within the Group including specialist and managerial roles. Since 2000, in partnership with DEWR, Rio Tinto has successfully employed 23 Indigenous cadets in diverse professional areas such as law, mining engineering, environmental science, business administration and accounting. The Rio Tinto Group strongly endorses this program as it directly challenges stereotypes about the nature of employment in mining.

2.4 Status of Employment in Rio Tinto Operations

Currently Indigenous people comprise some 7% of the Rio Tinto workforce. Over the past five years the Group operations have implemented an Indigenous employment strategy, which has seen the level of employment increase from 0.5% in 1999 to the current level.⁶ Across the Rio Tinto Group, each site has established Indigenous employment targets that reflect local demography.

⁶ Corporate Leaders Awards – submission to DEWR 2002

Figure 1. Current employment levels in Rio Tinto operations - 700 people as at May 2005



- Argyle Diamonds currently has local Indigenous people comprising 23% of the workforce. The target is 40% by 2010.
- Comalco, Weipa, has set a target of 35% local Indigenous people by 2010 and is currently at 17.5%. Comalco Gladstone only recently initiated its employment targets and Indigenous employees constitute 6.5% of the workforce.
- Pilbara Iron has set a target of 15% of the workforce to be Indigenous people. Currently it is 3.8%. The proportion of Indigenous employees has moved downwards as Pilbara Iron has substantially increased its workforce during a significant expansion phase and Indigenous candidates with the requisite training have not been available. Total Indigenous numbers have not altered.
- In the Rio Tinto Group the proportion of Indigenous men to women employed is 5:1.
- Attachment 1 provides a synopsis of four Rio Tinto operations.

2.5 Significant Factors Contributing to Positive Outcomes in the Rio Tinto Indigenous Employment Strategy

The following factors are essential to positive outcomes:

- An effective relationship must be established with Indigenous people. Building a relationship requires:
 - a well defined business case that is openly and honestly declared
 - effective consultation with the Indigenous people to ascertain their interests
 - a willingness to acknowledge previous history
 - co-operative design of a project/agreement proposal that provides mutual obligation and benefit.
- Policy must be articulated and promulgated in an agreed form, including measures of success, targets, deliverables and timeframes.
- Additional support from Governments to increase employability skills through pre employment training.
- Organizational culture consistent with, and supportive of, the Indigenous engagement/employment policies adopted by the company. This includes accredited skills training to support Indigenous employees.
- A process to monitor progress towards the agreed targets and deliverables embedded in the management systems of the company.

3. Factors Reducing Indigenous Employment Outcomes

3.1 The Current Position

Despite years of sustained commitment and the allocation of considerable financial resources to Indigenous employment, Rio Tinto finds itself in the midst of a mining boom and unable to find the skilled people it needs.

Skills shortages are an issue for the Australian economy generally, and the mining sector in particular; they are at crisis point and impacting directly on production levels. Recent media reports of viable mines that cannot be opened or extended, solely because of a lack of skilled labour, are all too familiar. Within the Rio Tinto Group, for example, Pilbara Iron is expanding its operations. During the construction phase it will employ an

additional 3,000 people and once the new mines are operational it will increase its existing permanent workforce by an additional 1,000 employees.

The skills shortages are substantial and many companies are looking to skilled migration to fill the skills gap. This approach will not contribute to capacity building and sustainable skills for local Indigenous people in rural and remote Australia. To address its short-term skills needs the Rio Tinto Group is considering employing skilled migrants. However, skilled migration is not Rio Tinto's preferred option, as it means that local Indigenous people are not able to benefit from the strong growth in the mining sector.

Rio Tinto Group companies continue to face significant challenges in employing local Indigenous people. Some understanding of the magnitude of disadvantage that exists for Indigenous people in the hinterland of Rio Tinto operations can be gained from the following extract from a report compiled to assist Argyle Diamonds' regional planning in the northern East Kimberley.⁷

At the 2001 Census, a total of 179 Aboriginal adults in the whole East Kimberley reported having some form of post-school qualification. This represented just 5% of all adults. By comparison, 50% of non-Aboriginal adults in the East Kimberley reported having a post-secondary qualification. This relative lack of post-secondary certification among the adult Aboriginal population is typical of the situation found generally in Western Australia.

In the North East Kimberley, only 21% of Aboriginal students in Year 7 meet the benchmark in numeracy and 22% in reading, compared to figures of 81% and 85% of all students in Western Australia. In terms of actual numbers, these Aboriginal performance levels convert into an estimate of barely 25 students with benchmark competencies coming through the system each year.

Almost a quarter of all Aboriginal male enrolments, and 15% of Aboriginal female enrolments, are in short, miscellaneous courses with no formal certification attached. This compares with only 9% and 8% respectively for non-Aboriginal enrolments. Of those Aboriginal students enrolled in certified courses, the majority were at Certificate I and II levels, while non-Aboriginal enrolments were far more likely to be at Certificate III and above.

Barely half of the enrolled Aboriginal males successfully completed their modules – the building blocks of qualifications – with one fifth

⁷ Taylor, J. Aboriginal Population Profiles for Development Planning in the Northern East Kimberley (2002), CAEPR, ANU. The report was commissioned by Rio Tinto

failing and almost one quarter withdrawing before completion. Aboriginal females performed much better, although their rate of withdrawal from training modules was twice that of their non-Aboriginal counterparts.

Indigenous Population Growth

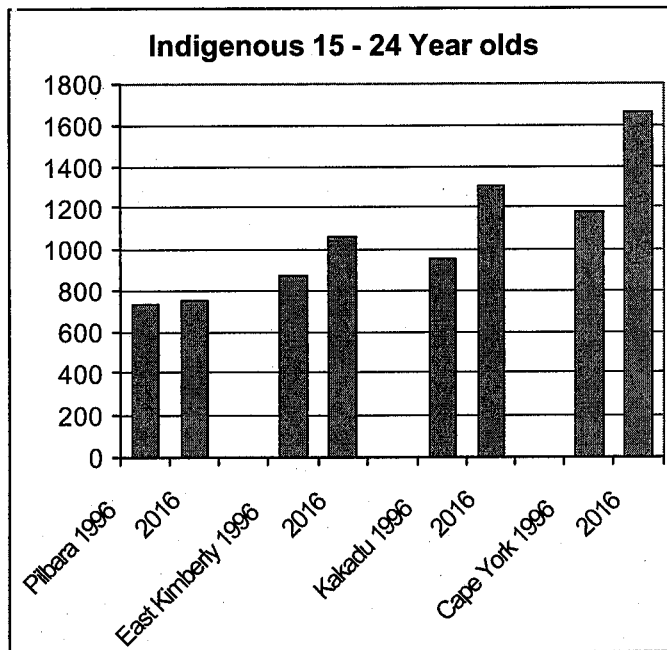
An additional Taylor report, commissioned by Rio Tinto in relation to the hinterlands of its northern Australian mining operations, indicates that the Australian Indigenous population is growing at a rate of between 2 and 4% per year.⁸ By 2016, 15 to 45 year olds will comprise 50% of the Indigenous population in regions associated with Rio Tinto operations.

Table 1. Indigenous Population, Rio Tinto Mine Hinterlands 1996-2016

Age Group	1996	2016	Net Change	% Change
0-4	3008	3737	729	24
5-4	6659	8069	1410	21
15-24	5134	6997	1863	36
25-44	7785	11450	3665	47
45-64	2797	5804	3007	107
65+	971	1029	58	6
Totals	26354	37086	10732	42% (2% pa)

⁸ Taylor, J. – Outcome from CAEPR Population Study, 2002

Figure 2. Growth of Indigenous youth in the hinterlands of Rio Tinto operations 1996–2016



Professor Marcia Langton in the Charles Perkins oration in 2002 stated that there is an impending social crisis if the rapid population increase of Indigenous people is not responded to by government through adequate education and employment measures.⁹

Potentially this population growth presents opportunities for the mining industry. At present Indigenous unemployment rates across Australia are as high as 80%. While acknowledging that employment opportunities in the mining industry make a relatively small impact on this level of unemployment, multiplier effects can have a significant impact and continuing the present arrangements of importing skilled employees from other parts of the country or from overseas is not in the best interests of the mining industry or the nation.

Rio Tinto has demonstrated an organisational capability to support Indigenous employment but it is facing major hurdles. Through this submission Rio Tinto wants to make it clear to the Australian Government that decisive action needs to be taken to support the mainstream employment of Indigenous people. The barriers and critical issues are outlined below.

⁹ Langton, M. A New Deal? Indigenous Development and the Politics of Recovery, Dr Charles Perkins Oration 2002

3.2 Critical Issues

3.2.1 The availability of local Indigenous people with employability skills has reached a plateau

Rio Tinto has found that its ability to recruit new Indigenous people in the regions where its mines are situated has reached a plateau. There is a very limited pool of candidates who are job ready. In some locations Rio Tinto finds itself competing with other mining companies and their contractors to employ the same people. Rio Tinto has invested in building skilled employees but is losing its employees to other companies and contractors who have not made the same investment. While the 'free rider' syndrome is common across the Australian workforce, Rio Tinto feels it most keenly in Indigenous employee relations because the pool is so small.

3.2.2 CDEP

Despite the demand for employees in the mining industry, there are still many people remaining in CDEP. For these long term unemployed people, the gap between their existing employability and the skills necessary to engage in local jobs is significant, and mining companies are finding the gap too hard to overcome alone. The challenge is to 'grow the pool of employees' – not only for the mining industry but for other employers in the relevant regions.

In the East Kimberley region near the Argyle Diamond mine, the available Indigenous workforce comprises 1,414 people: 907 people on CDEP, 375 in mainstream employment, and the balance in a range of unspecified casual labor.¹⁰ The disparity in wealth generation between Indigenous people and non-Indigenous people in the region is quite marked. Those Indigenous people working in the region currently support an average of 9 dependents, as against non-Indigenous employees supporting 0.5 dependents.¹¹ At present there are no effective CDEP programs preparing people for mainstream employment. This is a context of Argyle actively pursuing a local Indigenous employment strategy. This means that the company has to draw on the small pool of already employed people, resulting in 'cherry picking'.

The changes in CDEP being driven by DEWR provide a significant opportunity to bring together Indigenous communities, Australian Government agencies, training organisations and mining companies and their associated contractors, to establish real pathways to long term sustainable employment.

¹⁰ CAEPR report

¹¹ ABS Census data 2001

3.2.3 'Cherry picking' of employees – not building sustainable communities

In remote and regional areas many companies could be seen as 'cherry picking' good employees and not contributing to sustainable employment across the region. Some community agencies and government agencies have been losing skilled employees to mining operations where they receive higher wages. The flow-on effect is that there are not enough local Indigenous people with employability skills available to fill these vacated positions and organisations are struggling to maintain high level service to their communities.

For a company such as Rio Tinto, this has the effect of limiting or removing altogether some of the essential community supports that Indigenous employees rely on. Improving succession planning and building capacity in communities will enable a larger pool of people to be job ready so that as one employer attracts an employee the opportunity for new jobs are opened up and are able to be filled by local people.

3.2.4 Child Care

A lack of day care facilities is often an issue limiting the engagement of Indigenous people in mainstream employment. This issue could be more fully explored. Strategies should be developed through which companies and governments could work together to share the provision of these services. Rio Tinto is particularly interested in employing women in its operations. It is not possible to attract them into the workforce without safe and secure child care arrangements in their communities, as employees may be away for up to a week while on shift work.

3.2.5 Many service agencies, too little coordination and too much to tackle alone

To recruit and retain Indigenous employees, Rio Tinto provides job readiness training and the company finds it necessary to provide family support to address a range of social and health issues in communities. There are many other agencies also involved with the same communities but there is little coordination of these services.

Rio Tinto's core business is mining – and it can be challenging to determine the appropriate line between what support should be provided to effectively engage Indigenous employees and what support should be provided by the Australian Government. What is clear is that for long term unemployed people, there is a need for greater support than individual companies can sustain alone.

For instance, without a collaborative and strategic approach to literacy training, fit for work programs and family support, the number of local Indigenous people employed will continue to be relatively low.

3.2.6 Literacy

A large proportion of the Indigenous employees in Rio Tinto recruited over the past six years have required substantial entry level support for employment. Of greatest significance has been the demand for literacy training. Relatively few candidates meet Year 8 literacy levels, which has led to the Group companies investing in literacy training. All employees on Group sites must reach at least Year 10 level literacy to comprehend the Occupational Health and Safety Standards required for employment.

At present there is no comprehensive adult literacy program that can be readily accessed by Indigenous people. It has been difficult to source adequate training through the TAFE sector. Literacy programs available through the Department of Education Science and Training – such as Workplace English Language and Literacy (WELL) are designed primarily for non-Indigenous clients, and these programs have not demonstrated success in upskilling large groups of Indigenous employees.

Argyle Diamonds, for example, has paid the local TAFE up to \$1,300 per person for a 10 week literacy program and there are between 20 and 40 people who need the training. It seems unreasonable that the cost of addressing systemic literacy problems should be shifted to the private sector.

3.2.7 Training – Publicly funded training is neither timely nor targeted

The current employment boom has many low and semi skilled positions that could be available for long term unemployed Indigenous people if there was a concerted and coordinated effort to train and support them into the available job opportunities.

Too often local TAFEs are unable to provide the training needed by industry in a timely manner. It is Rio Tinto's experience that local training providers are limited in their capacity to forecast and plan for meeting future skill demands. Rio Tinto has found that:

- decisions on training provision are made centrally and so local needs cannot be readily accommodated
- standard funding formulae means that most training in the areas in which Rio Tinto mines are located is deemed to be uneconomic
- there is a lack of flexibility and lack of relevance in the training provided by the TAFE sector

- there is a lack of appropriately qualified trainers with recent mining industry experience so that additional on-the-job training is necessary to ensure that there is no disparity between the training provided and the application of skills in the workplace; and
- user Choice funding is State/Territory-based and not transferable with the employee. For example in the Kimberley, Indigenous employees cannot undertake their training in the Northern Territory – even though this is the closest facility and is often home to extended family members who would support the person and improve retention and completion of training.
- Some specific examples:
 - teachers are not funded to travel from their coastal base to inland towns in the Pilbara
 - trainees and apprentices have to travel to the TAFE rather than arrangements made to bring trainers to mining regions. In the case of Argyle, apprentices have to travel either 1,500 kms to Karratha or 3,000 kms to Perth to undertake their training despite there being sufficient numbers to warrant flexible delivery in the East Kimberley region.

3.2.8 Timing of delivery

Many of the Rio Tinto business units are based in the tropics, but the TAFE system operates on a school year without regard for the wet and dry seasons in the North. For many Indigenous people access to training needs to occur during the wet season, November–April, when people are based in their communities and at site. The dry season is usually the time people take recreation leave and this can be disruptive when trying to engage with a training system that takes no account of local factors.

3.2.9 Quality of teaching and assessment in the public system

Quality control of training is essential. There have been cases where Indigenous employees have produced accredited certificates that have overstated their competencies. Rio Tinto Shipping has been particularly affected by the quality of assessment of maritime capability. At least two candidates for employment have received maritime certificates through the TAFE sector yet were not able to demonstrate the competencies certified. When the employees have presented at the Australian Maritime College for additional training, they struggled with the training and had their guaranteed employment put at risk.

3.2.10 Employability skills

Few of the job readiness training programs emphasise team building, effective communication in the workplace and occupational health and safety.

3.2.11 Fit for work

It is the experience of the Rio Tinto Group that there is little co-ordination of health services to support Indigenous employment. Indigenous family health maintenance programs need to address diabetes, heart disease, hypertension and muscular-skeletal conditions.

An alignment of health services to support Indigenous people in overcoming health issues impacting on their employment opportunities would have a marked effect on increasing Indigenous employment outcomes. Many people are interested in being employed but are unable to meet the Fit for Work standards of health including zero drug and alcohol use. The Rio Tinto Group is unable to provide the necessary community and family support to ensure candidates interested in employment are able to reach this goal.

3.2.12 Family and social issues cause people to leave work

It is important for Indigenous people starting work in the mining industry, to have life skills to manage: shift work, living on a mining site and the sudden increase in income.

Making the transition from isolated communities to a mining town can create major issues for some employees, their spouses and children. Rio Tinto site personnel endeavour to support this transition but are unable to provide the specialised professional support needed by Indigenous families. Family Services programs to support Indigenous people before and during their transition to full time employment would enhance the retention of Indigenous employees.

3.2.13 Education

Indigenous students are entitled to higher expectations and improved educational outcomes from the schools they attend. Where Rio Tinto Group companies have worked in partnership with local schools, there has been marked improvement in student outcomes. The Rio Tinto Group is keen to employ young Indigenous people in its mining operations and encourages their participation in the education system. Comalco Weipa has offered to employ every Indigenous student who completes Year 10 through traineeships and the offer of apprenticeships.

The Gumala Mirnuwarni program which is associated with Pilbara Iron has been operating for eight years. The aim of the project is to increase educational outcomes for Indigenous students to enable them to participate successfully in further education, training and employment. Pilbara Iron, DEST, DETWA, Woodside and Dampier Salt have formed a partnership with the Polly Farmer Foundation to operate the program.

A total of 96 students have been involved in the project, and 31 are currently involved, four of whom will complete their tertiary entrance exam

this year. Of the 65 students who have left the project, eleven have gone on to university, 22 have gone on to apprenticeships and traineeships, and six have gone on to technical college, employment, scholarships and parenthood.

Many of the issues being tackled by the Rio Tinto operations would be ameliorated if the education system, in conjunction with a range of other community and family services, could retain students and provide them with improved literacy and higher levels of education.

3.2.14 Business training

Rio Tinto has a commitment to develop sustainable economies and promote enterprise in the regions in which it operates, and the Group has supported several joint business ventures with Indigenous communities to this end. This has proven particularly challenging as there are few effective business training and mentoring programs available for Indigenous people.

The capability of a start up Indigenous business to sustain long term success has been limited¹². In a previous submission in 1998 this matter was raised – seeking additional funding from the Australian Government to increase business resilience and capability. It is disappointing to note that in the ensuing years there has not been an effective government system to engage Indigenous people in micro business development.

Recognising that few local Indigenous people have had experience in establishing and operating a business, Rio Tinto companies have developed a range of strategies to increase the likelihood of success in this area. This includes direct job replacement, joint venture operations, and internal business incubators that enable individuals to set up, for example, earthmoving contracts to supply services to the mainstream operation.

Rio Tinto has also looked outside of mining to assist people to establish businesses. In the East Kimberley there has been support to develop a joint venture tourism operation between local traditional owners and a tourism operator to connect with tours to the Argyle Diamond mine and the nearby Bungle Bungles.

Rio Tinto has sponsored the First Australians for Business program, which has started to achieve some success. However, this program is not readily available in all regions and the ongoing success of business requires effective local training and mentors.

12 Rio Tinto submission to the Inquiry into Indigenous Business, 1998

Rio Tinto has recently partnered with Indigenous Community Volunteers run through DEWR to source skilled business people to assist Indigenous business development. Likewise, the Indigenous Stock Exchange is an innovation which encourages people to invest in social and business enterprises. Rio Tinto has actively supported the development of this network to increase Indigenous access to business knowledge and expertise.

4. Recommendations

4.1 Regional Indigenous Employment Strategies and Partnerships

As part of Regional Partnership Agreements, the Australian Government, community organizations and industry must work together to formulate a five year employment plan that harnesses opportunities within a mining region and engages with other employers to maximise Indigenous employment in the region.

Based on regional forecasts, each strategy would audit the local skills base, map the skills base to identified needs, highlight skills gaps, and train to fill those gaps. Because the strategy would be regionally developed, the local context would determine the appropriateness of the interventions proposed. The strategy would also look at the broader underpinning supports needed within the community to ensure success, including family support programs, financial literacy training and fit for work health programs. It is important that local partnership groups are adequately resourced to develop and implement strategic plans over periods of up to five years.

Resourcing for childcare facilities, health services and improved educational programs need to be included in regional plans so that employment is part of a holistic regional development strategy.

4.2 Sustained Commitment of Governments and Businesses

Mainstream Indigenous employment will only be achieved where there is sustained and significant commitment from both the Australian Government and businesses. Businesses need to ensure that Indigenous employment is intrinsic to their business; and that its managers are evaluated in part on how they manage Indigenous staff. Indigenous employment needs to be 'built in, not bolted on'.

Businesses respond well to targets, and the requirement to meet targets should continue to form part of the contractual relationship for public funds to support Indigenous employment. It may be another ten years before the education system is able to ensure work ready Indigenous students are

exiting the school system. It is imperative that the Australian Government continues to provide public funding to address systemic Indigenous disadvantage and ensure 'scaffolding' programs are available to provide Indigenous people with employability skills.

4.3 Guiding Principles for Training for Regional and Remote Delivery

The provision of training in regional and remote areas will always be challenging but there are guiding principles which should be applied:

- Adequate training relies on good forecasting and the time horizons need to be shifted from short term to medium and longer term needs.
- Training must be demand driven, locally determined and locally available.
- Training needs to result in employment outcomes and is not an end in itself.
- Innovative solutions need to be developed to address the shortage of appropriately skilled trainers, possibly including engaging retiring skilled workers as industry trainers.
- Training needs to be flexible in its delivery mode and in the locations available to support on the job training and availability throughout the working year, taking into account the seasonality of access in Northern Australia.

4.4 Reduced Administration

Commonwealth, State and Territory Governments need to work actively to reduce the administrative burden associated with the various Indigenous employment and other support programs. One option may be to adopt a risk assessment approach where the level of risk of the project determines the extent of monitoring to which it is subjected.

4.5 Improved Financial Literacy

Commonwealth, State and Territory Governments should work with Indigenous organisations and the finance and banking sector to develop programs aimed at improving the financial literacy of Indigenous people.

4.6 Support for Fit for Work

Alignment of Health services to support Indigenous people in overcoming health issues that impact on their employment opportunities would significantly increase Indigenous employment.

4.7 Business Incubators and Business Co-operatives

Commonwealth, State and Territory Governments need to consider a broader range of Indigenous business development structures, including more culturally appropriate approaches, business incubators and the

establishment of business co-operatives. Delivery of business mentoring and training should be more readily available in remote regions. Partnerships with organisations such as the First Australians for Business and the Indigenous Stock Exchange need to be supported in their work advancing Indigenous business skills.

4.8 Literacy Training

There is an urgent need to develop appropriate training material that can be implemented through the TAFE sector, with funding from DEST, to ensure access for all Indigenous employees in need of literacy training.

The literacy program known as 'scaffolding' is being implemented in the Northern Territory and is achieving success with adolescent students. This program accelerates literacy learning and could be developed as a model for adult learners through funding from DEST.

Conclusion

Rio Tinto is a global company and the Group strives to implement world's best practice in Indigenous employment across its operations.

Rio Tinto is keen to work in partnership with Indigenous communities and the Australian Government to discuss, develop, test and implement innovative solutions to increase employment outcomes in Australia. Broad-based regional development in mining regions increases the pool of work ready Indigenous people for direct employment in the mining sector.

Rio Tinto is working to increase employment outcomes for Indigenous people. The complexity of the challenges requires innovation and commitment from companies and Governments in partnership with Indigenous people.

Through this submission Rio Tinto is seeking continuing investment by the Australian Government to maximise the opportunities for Indigenous people to leave the welfare system and be part of the mainstream economy.

Attachment 1

Rio Tinto Business Units – Indigenous Employment 2001–2005

Argyle Diamonds Indigenous Employment. 2001–2005

In 2000 Argyle Diamonds decided to move from a wholly fly in fly out workforce based in Perth to recruit local people actively from the Kimberley region. Initially it set a target of 30% local employment by 2005 with a minimum of half of this – 15% of the workforce – being Aboriginal people. When this target was fixed, less than 5% of the Argyle workforce was Aboriginal.

To achieve this goal two strategies were established:

- The first focused on making the hiring and selection process more equitable for Aboriginal people, and the
- second on the development of programs that equip people with skills that contribute to the development of their communities and the region more broadly.

Argyle completely revamped its interview and recruitment process to ensure that it provided a culturally appropriate but still robust assessment of candidates' employability. It instigated a four day assessment program that gave the candidates and their potential employers the opportunity to work side by side and engage in problem solving and team building exercises. The candidates are assessed on their communication, workplace safety and leadership skills. The program has improved retention of Indigenous employees. One other benefit for employees has been an improved understanding of the nature of a mining operation. The assessment process has also been established in Pilbara Iron and in Comalco Weipa to assist their recruitment procedures.

In 2003 Argyle entered into an agreement with the DEWR to employ 150 Indigenous trainees. Under this contract there are currently 73 apprentices and trainees. To increase employment opportunities, Argyle has built relationships with local contractor and labour hire companies, and through the procurement contracts requires these employers to employ local Indigenous people.

Argyle has reset its targets to have local Indigenous employees comprise 40% of the mining workforce by 2010. At present, May 2005, locally employed local Indigenous employees make up 23% of the workforce and approximately 40% of the total workforce is now employed from the Kimberley Region.

Pilbara Iron's Indigenous Employment 2000–2005

Hamersley Iron – one part of the newly created Pilbara Iron has operated a very successful employment strategy through the Aboriginal Training and Liaison (ATAL) program since 1992. Over the past five years ATAL has worked in partnership with DEWR in a number of areas. In 2000 Hamersley Iron introduced the STEP apprentice program which has significantly improved the overall level of Indigenous employment across the Pilbara region.

In 2001, three Indigenous clerical trainees commenced, a number which grew to nine in 2002. The Aboriginal Training and Liaison (ATAL) Operator Training program continued to successfully provide Indigenous employees with knowledge regarding earth-moving equipment. During 2001, 11 graduates entered traineeships with Hamersley operations while 10 operations trainees entered full time employment. Ten additional training positions were created with the introduction of a new initiative aimed at expanding the operator training program.

In 2001 the Indigenous Families in Communities program was developed as well as the Mentoring and Employee Support Initiative for Indigenous employees.

One Indigenous clerical trainee graduated in 2002 with Certificate IV in Office Administration, and recruitment was finalised for the 2003 intake of seven first-year STEP apprentices, and three clerical trainees. The 2002 earthworks program was expanded to include eight port and 12 mine operator traineeships.

During 2002, two trainees were also taken into the Pilbara Rail Company, where they are being trained to become train drivers. Another new development in 2002 was collaboration between Hamersley and Dampier Salt to rotate two ATAL operator trainees through Dampier Salt's operations on an ongoing basis.

By 2003, 28 trainees were involved in the ATAL apprenticeship scheme first introduced in 2001. Fifty per cent of ATAL graduates found full time employment in Hamersley Iron by the conclusion of the year. Overall, 81% found full time employment in Hamersley – earthworks hired 13 of 16; apprentices two of three; commercial two of two.

In 2005 Pilbara Iron was established as the Iron Ore operation bringing together Hamersley Iron and Robe River Iron. Prior to the Pilbara Iron launch in mid 2004 that combined Hamersley Iron and Robe, Hamersley Iron had 1400 employees and 135 Indigenous employees or 9.6% with a target of 15% to match the regional demographics. By April 2005, Pilbara

Iron had 3531 employees and 135 Indigenous employees or 3.8% and the same target. Pilbara Iron has set a target employment of 15% Indigenous employment within its workforce to reflect the local demographics of Indigenous people in the Pilbara region.

Pilbara Iron is expanding its operation in 2005- 2006 and will have more than 4000 employees by mid 2006. The target of 15% Indigenous employment under these circumstances equates to more than 600 Indigenous employees, or 465 more jobs for Indigenous employees than the current number. The challenge for Pilbara Iron will be to increase its numbers of Indigenous employees during this growth phase.

ERA Indigenous Employment 2001–2003

During 2001 an Aboriginal mentor program at ERA included the provision of a full time employee to co-ordinate the region's two successful Community Development Employment Projects, which had a total of 220 Aboriginal participants.

The year 2001 also saw the introduction of an Aboriginal traineeship program on the mine site.

In 2002 ERA employed 184 people and Aboriginal representation in the Ranger mine workforce averaged 21%. ERA provided a range of employment and training for Aboriginal people locally and in the region. During 2002. For instance, six Aboriginal trainees gained a variety of skills through the program, and five Inganarr Trainees were employed under the Commonwealth New Apprenticeship Scheme. Two trainees also gained full time employment at Ranger while three trainees moved back to their communities to take up employment.

During 2003 the average number of Indigenous Australians employed at Ranger was reduced in line with an overall reduction in the workforce and traditional owner sentiment. Maintaining a focus on skilled employment in the region, ERA increased its commitment to trade apprenticeships. By the end of 2003 ERA had also appointed a full time Indigenous supervisor to help trainees gain an improved understanding of mine-site culture and work requirements.

Comalco Indigenous Employment 2001–2003

In 2001 Comalco signed the Western Cape Communities Co-existence Agreement (WCCCA) with 11 Traditional Owner groups covering the Western Cape where Comalco operates. Other signatories included the four community councils, the Queensland Government and the Cape York Land Council. The agreement is based on mutual respect and support of Native Title and mining operations on Western Cape York Peninsula. Importantly, it provides access to education, training and employment for Indigenous people and involves local communities in the way in which mining operations are developed, operated and rehabilitated.

The significant outcomes since the signing of the WCCCA include:

- A contract with DEWR to provide 66 Indigenous trainee and apprenticeship placements over five years. This has been a very effective programme resulting 63 offers since 2002 with 42 people either still participating or have completed the programme.
- The commencement of school based traineeships.
- Close liaison with the Western Cape College to ensure an alignment of education outcomes and employment opportunities. Comalco has a representative on the Western Cape College board.
- The establishment of a working group involving Comalco, Aurukun Council, TAFE, Weipa Multi Purpose Facility and Western Cape College to improve employment outcomes for Aurukun residents.
- The restructure of the Human Resources and Community Relations teams to provide a focus from pre work development to post employment support.
- The provision of ongoing support to Indigenous enterprise development.
- The development of a Heritage Management programme. This provides employment for Traditional owners as part of the heritage survey process.

In 2001 Comalco began its Traineeship programme with the first placements occurring in May 2002. This was achieved through a partnership with DEWR and is an effective means of enabling the transition of Indigenous people into the mainstream workforce. This partnership also enables the provision of an extensive Pre Employment Programme covering subjects such as:

- Basic computer skills
- Financial and personal budgeting
- Safety training
- First aid training
- Nutrition training
- Cultural awareness
- Introduction to roles at Comalco

To date 15 people have achieved fulltime employment with Comalco as result of this process and other graduates have found work with local businesses such as Western Cape Earthmoving.

Future initiatives that Comalco is considering to enhance Indigenous employment include:

- Implementation of a Community engagement model to improve Community consultation and input.
- Developing work exposure systems to enhance the awareness of career opportunities with Comalco.
- Improving the linkages with the Western Cape College through closer collaboration and greater provision of work experience opportunities; and
- Improving the collaboration between Comalco, government agencies and other providers.

Comalco has made significant progress towards its Indigenous employment goals. When the Company signed the WCCCA in 2001 the Indigenous employment rate was 5%. As at May 2005 Comalco employed a total of 123 Indigenous employees equating to 17.5% of its workforce. This included 93 Local Indigenous employees equating to 13.7% of its workforce. Comalco believes the company's relationship with DEWR has been a key part of the improvement in Indigenous employment outcomes.

Comalco plans to build on these achievements and further growth in Indigenous employment numbers will require an increasing effort. Greater work readiness activity (including fitness for work programmes) is required for the remaining pool of potential employees.