

**Inquiry into Pay Equity  
and Associated Issues Related  
to Increasing Female  
Participation in the Workforce**

**Rio Tinto  
Submission**

**August 2008**

## **The Rio Tinto Group in Australia**

Rio Tinto is a world leader in finding, mining and processing the earth's mineral resources - metals and minerals essential for making thousands of everyday products that meet society's needs and contribute to improved living standards.

The Group's major Australian products include, iron ore, coal, aluminium, copper, diamonds, uranium, salt and gold and as one of Australia's largest exporters and employers, contributes significantly to the Australian economy.

Rio Tinto's mining operations are commonly undertaken at remote locations in Northern Western Australia, Northern Territory, North and Central Queensland and regional areas of New South Wales. Large industrial processing operations are conducted in regional industrial centres such as Gladstone, Queensland, Kwinana, WA and Bell Bay, Tasmania.

## Rio Tinto Overview

Rio Tinto directly employs approximately 18,000 people in Australia. In the product groups of energy, iron ore and aluminium the average rate of female participation in the workforce is 17%. In Rio Tinto's corporate and support areas the rate of female participation is approximately 46%.

Rio Tinto's employment policies and systems require and support employment on the basis of "the best person for the role". Rio Tinto does not discriminate in employment on the grounds of age, ethnic or social origin, gender, sexual orientation, politics or religion.

Across Rio Tinto's Australian businesses, there is an approximate 10% pay differential between male and female employees. Whilst Rio Tinto's differential is better than the average mining industry pay differential of 24%<sup>1</sup> we recognise that more needs to be done.

Rio Tinto is developing a range of new measures to improve the recruitment, retention and proportion of women not only in senior management and executive levels of the organisation but also in the traditionally male dominated operator / trades based classifications. We have also introduced a number of initiatives directed at our remote sites.

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<sup>1</sup> Department of Consumer and Employment Protection (WA) Pay Equity Unit – "Pay Equity in the Western Australian mining industry"  
[http://www.docep.wa.gov.au/LabourRelations/PDF/Work%20Life%20Balance/Industry\\_Info\\_Sheet\\_2.pdf](http://www.docep.wa.gov.au/LabourRelations/PDF/Work%20Life%20Balance/Industry_Info_Sheet_2.pdf)

## **Introduction**

**The adequacy of current data to reliably monitor employment changes that may impact on pay equity issues.**

**The need for education and information among employers, employees and trade unions in relation to pay equity issues.**

Rio Tinto recognises the need to increase the rate of female participation amongst its diverse workforce. Rio Tinto monitors its performance on this issue. The reporting requirements of the 'Equal Opportunity for Women in the Workplace Agency' (**EOWA**) along with the statistical activities undertaken by the 'Australian Bureau of Statistics' (**ABS**) provides a significant source of analytical and educational information. The objects and requirements of the *Equal Opportunity for Women in the Workplace Act 1999* mean that the EOWA is continually charged with the function of monitoring, researching and promoting pay equity matters in Australia. In this regard the EOWA already provides a range of public information in relation to pay equity issues and Rio Tinto continues to support the EOWA in their important work.

Whilst the provision of further data to these Agencies may provide more usable data for Government and is likely to improve awareness of pay equity issues in the workplace, it is a lagging response.

For Rio Tinto the path ahead is clear and ongoing. We have specifically set targets for female recruitment into operator / maintainer, graduate and senior management employment. Pay differentials do not exist at the point of engagement into the organisation and the extent of the pay differential is reducing as these employees move through the business. We are increasing the number of women in our workforce, and providing them with equal opportunity to develop and to be promoted into more challenging roles. This is not only good for pay equity but good business in a scarce and highly competitive labour market.

Rio Tinto does not believe there is a compelling case for additional private sector reporting requirements. Pay equity will be best addressed by education not additional reporting. Sufficient regional and international data exists to support an education program on this issue.

Where appropriate Rio Tinto is prepared to work with the EOWA and ABS to enhance and improve the analysis of information obtained under the current federal reporting requirements.

### **Current structural arrangements in the negotiation of wages that may impact disproportionately on women**

Rio Tinto has no disproportionate structural arrangements in place that effects the negotiation of wages for female employees within Rio Tinto.

Rio Tinto is a signatory to the United Nations Global Compact. The UN Global Compact is an accord between the United Nations and business for cooperation and promotion in upholding a set of core values in the areas of human rights, labour standards, environmental practice and anti-corruption. These values are reflected in 10 core principles. Principle number 6 is the elimination of discrimination in respect of employment and occupation.

Gender forms no part of Rio Tinto's approach to remuneration. Rio Tinto's global banding structures ensure roles are classified according to a role description and the nature of the work to be performed. Salaries fall within one of eleven salary bands are gender-neutral and based upon an employee's skills, responsibilities and qualifications. Salaries are adjusted each year based on performance.

In the unlikely event an employee feels the salary classification or adjustment process has been inequitable the employee has the right to seek access to an independent internal review process via Rio Tinto's Fair Treatment Policy.

Rio Tinto Australia acknowledges that based on 2007 statistics there is an average 10% gender based pay differential across all roles. Whilst historically this has been a product of a male dominated workforce Rio Tinto is taking steps to improve female participation and the gender pay equity issue. We discuss these steps further below.

**The adequacy of current arrangements to ensure fair access to training and promotion for women who have taken maternity leave and/or returned to work part time and/or sought flexible work hours.**

Rio Tinto is seeking to increase the number of women in senior management positions within Rio Tinto from the current level of 7% to a target rate of 20% by 2009.

Rio Tinto business units are also looking at recruitment and retention strategies for greater representation of women in graduate, trainee and operator / trade roles. Rio Tinto Aluminium reported in the 2006/2007 period that their graduate intake consisted of 47% females whilst Rio Tinto Iron Ore has a 2009/2010 initiative to increase female graduates to 50% of all graduate roles. World wide Rio Tinto employed 265 graduates in 2007 compared to 203 in 2006. Thirty percent of the 2007 graduate intake consisted of women which represented a 50% increase from Rio Tinto's 2004 baseline female graduate recruitment level.

Rio Tinto Iron Ore is an example of one business unit exploring various initiatives specifically designed to improve the recruitment, retention and promotion of women. Initiatives include:

- Targeted 'Women in Mining' advertising campaigns for recruitment
- Annual sponsorship of the Worldly Women event to commemorate International Women's day

- Targeted employment of female Operator trainees at remote fly in fly out sites
- Dedicated recruitment of females into Rail Operations which are traditionally male dominated
- Allowing part time and flexible working arrangements for female employees with school aged children
- The provision of a 4 hour school shift roster for female haul truck drivers in Pannawonica

A number of other Rio Tinto business units have:

- Applied for exemptions to prioritise the progression of female applicants for particular roles (ie operators)
- Ensured female candidates were included in all external recruitment for vacant and new roles
- Ensure that internal leadership appointments include at least one female candidate on the short list
- Continue to ensure women have access to internal leadership and development training programs.

The provision of ongoing access to training is complicated when employees take extended breaks from the workplace (for whatever reason) and/or work in remote locations where the range of training facilities available is often limited. However, despite the complexities Rio Tinto seeks to provide employees with a range of training and development opportunities both through internal, external and e-learning programs.

### **The need for further legislative reforms to address pay equity in Australia**

Australia has a legislative regime across state and federal jurisdictions that supports and promotes the issue of pay equity. The EOWA plays a significant part in this process and the current arrangements are fully supported by Rio Tinto.

Rio Tinto believes that the advancement of pay equality and improved female participation in the workplace will occur as a result of employers recognizing the benefit this will bring to their organisation. In a scarce and highly competitive labour market the necessity to increase the levels of female participation is paramount to ensure business success. The current severe skills shortage is likely to produce fundamental changes in the way in which Australian employers have traditionally operated. Given the step change involved Rio Tinto cautions against any further broad based government imposed reforms that may not necessarily suit the current or future needs of all stakeholders.