

The logo for Rio Tinto, featuring the company name in a white serif font centered on a solid red rectangular background.

Rio Tinto

**Submission to the Senate Select Committee on
Regional and Remote Indigenous Communities**

6 June 2008

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List of Abbreviations

ABEC	Aboriginal Business Enterprise Centre
ABSTUDY	Aboriginal student payment from Centrelink
ACICC	Australian Community Interest Consultative Committee
ADCC	Aboriginal Development Consultative Committee
CAEPR	Centre for Aboriginal Economic Policy Research
CAT	Centre for Appropriate Technology
CDEP	Community Development Employment Projects
COAG	Council of Australian Governments
CSRM	Centre for Social Responsibility in Mining
DEEWR	Department of Education, Employment and Workplace Relations
DEST	Department of Education, Science and Training
DET	Department of Education and Training, WA
DKCRC	Desert Knowledge Cooperative Research Centre
DOIR	Department of Industry and Resources, WA
ERA	Energy Resources Australia- Rio Tinto Company
FAB	First Australian Business
FaHCSIA	Families and Housing, Community Services, Indigenous Affairs
FIFO	Fly in Fly out- work arrangements
HVO	Hunter Valley Operations
ICC	Indigenous Coordination Centre
ILUA	Indigenous Land Use Agreement
PaL	Parents and Learning
MAIN	Mackay Area Industry Network
MCA	Minerals Council of Australia
MMCN	Marnda Mia Central Negotiating Committee
MOU	Memorandum of Understanding
NICP	National Indigenous Cadetship Project
OHS	Occupational Health and Safety
OIPC	Office of Indigenous Policy Coordination
PADAC	Pilbara Aboriginal Drug and Alcohol Centre
RPA	Regional Partnership Agreement
RTA	Rio Tinto Aluminium
RTC	Rio Tinto Coal
RTIO	Rio Tinto Iron Ore
SRA	Shared Responsibility Agreement
STEP	Structured Training and Employment Program
UHVAC	Upper Hunter Valley Aboriginal Community
WELL	Workplace English Language and Literacy
YBE	Aboriginal Contractor Business
YNOTS	YBE Nabalco Operator Training School

1. Executive Summary

Rio Tinto is committed to working in partnership with Indigenous communities and the Australian Government to deliver intergenerational prosperity for Indigenous people in areas impacted by the companies mining operations. 'Closing the gap' on Indigenous disadvantage cannot be achieved by governments alone and Rio Tinto is committed to working with Indigenous people and the Australian Government to build on good practice already in place.

Rio Tinto acknowledges that the Northern Territory intervention methodology has demonstrated a coordinated systemic approach to addressing entrenched poverty and disadvantage in remote Indigenous communities. This response by the Australian Government has cut through red tape and overcome bureaucratic and departmental silos to set up a framework for people to gain access to housing, health and education services.

Rio Tinto would welcome the development of 'place based solutions' through tripartite partnerships to enable Indigenous communities to break out of the cycle of poverty and dysfunction. Coordinated investment in health services, drug and alcohol rehabilitation, quality education from preschool to final years of secondary school and job-readiness will assist Indigenous people to participate in the mining and resources boom and benefit from the wealth being generated on their country.

This submission sets out Rio Tinto's formal position on the most pressing and urgent needs of Indigenous communities in regional and remote areas, with particular reference to Rio Tinto's experience across its operational areas:

- Section 2 outlines the company's current policies and practice in Indigenous engagement, with reference to multi-sector partnership involvement and corporate-community investment funds and activities across Australia.
- Section 3 examines key issues and offers practical, evidence-based solutions in the areas of early childhood, school and higher education, vocational education and training, drug and alcohol services, health services, family support services, housing and infrastructure, employment services, business services, intergenerational wealth, governance and capacity building and government sector services.

1.1 Terms of Reference

The following table outlines the Senate Select Committee's terms of reference that are addressed in this submission.

Terms of Reference	Extent of Response
a) The effectiveness of Australian Government policies following the Northern Territory Emergency Response	References on pages 27 and 48.
b) Impact of state & territory government policies on the wellbeing of regional & remote Indigenous communities	A primary focus of this submission.
c) The health, welfare, education & security of children in regional & remote Indigenous communities	Reference to education on page 19, health on page 30, housing on page 33.
d) The employment & enterprise opportunities in regional & remote Indigenous communities	A primary focus of this submission.

1.2 Background

Rio Tinto has learned to work effectively with remote and regional Indigenous communities to achieve outcomes in education, employment and training, community governance and business development. However, gaps still exist for remote Indigenous communities, and the complexities surrounding these problems require new and creative models for community development, and commitment by government and local people for implementation.

The Australian Government has made significant investments over the last three years which have enhanced Indigenous economic participation in regional and remote areas. These most notably include the establishment of Regional Partnership Agreements, five-year employment plans for communities located close to mining operations, and better employment support programs that encompass family support, financial literacy and fit-for-work health programs. Effective job-readiness and pre-employment programs that seek to assist unemployed people into real jobs have also contributed to these achievements. However, there is still considerable work to be done to improve economic, education, and health outcomes for Indigenous communities in regional and remote locations.

Current statistics show that approximately half of the remote population in Australia is Aboriginal or Torres Strait Islander, and that Aboriginal and Torres Strait Islander peoples make up an even higher proportion of those populations just outside regional towns. Further data reveals that a quarter of the Indigenous population live in remote or regional communities close to their traditional lands.¹ This demographic is increasingly young, as birth rates continue to increase and moving away from remote areas is uncommon, highlighting that populations in these locations are set for continued growth.² 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.³

1.3 Intent of this Submission

This submission outlines some practical, evidence-based solutions that can make a major difference to the participation of regional and remote Indigenous populations in the mainstream economy. Rio Tinto is keen to see continued investment by the Australian Government in programs that build capability within regional and remote Indigenous communities. This can ensure that Indigenous people achieve intergenerational prosperity and benefit from the wealth generated by mining operations close to their traditional lands.

Rio Tinto has played, and intends to continue playing, a leadership role in Indigenous employment, enterprise development and regional partnerships. Ten years ago, less than

¹ Taylor, J. & Biddle, N. 'An evidence Based Analysis of Indigenous Population and Diversity', Reconciliation Planning Workshop, Reconciliation Australia, Canberra, 2005.

² Armstrong, R., Morrison, J. & Yu, P. 'Indigenous Land and Sea Management and Sustainable Business Development in Northern Australia', Northern Australian Indigenous Land and Sea Management Alliance, 2006, p. 3

³ Langton, M. 'A new Deal? Indigenous Development and the Politics of Recovery', Dr. Charles Perkins Oration, 2002

100 Indigenous people worked across Rio Tinto's operations. Today that number has reached nearly 1,300, an achievement that has signaled a fundamental shift in approach by the minerals sector to its engagement with regional and remote communities.

Through its focus on building enduring relationships, supporting intergenerational prosperity and sharing mutual benefits with Indigenous communities, Rio Tinto has broken new ground in agreement making between companies and local Indigenous people and Traditional Owners, particularly through its Indigenous Land Use Agreements and Regional Participation Agreements. Rio Tinto has made a notable contribution to regional and remote socio-economic development through local employment outcomes, improvements in training and skills development, and stimulation of local business activity.

However, while there has been some improvement in infrastructure and service delivery as a result of mining activity in key regions, long-term regional development is currently limited by the level of coordination and extent of government investments. Currently the Australian Government has a major opportunity to harness and build upon the commitment of companies like Rio Tinto and achieve long-term, sustainable development in regional and remote areas to address Indigenous disadvantage.

The table on the following pages sets out the key issues that need to be addressed and some recommendations which may be considered by the Senate Committee when determining the most effective means of improving services for Indigenous people.

1.4 Closing the Gap – Key Issues & Recommendations

Issue	Recommendation
<p>1. Growth in youth population</p> <ul style="list-style-type: none"> • Growing working age population in remote communities, with the need for students to access quality education in a supportive environment. 	<p>Continued investment by government in remote and regional locations to build capability around education and employment outcomes.</p>
<p>2. Early childhood, school & higher education</p> <ul style="list-style-type: none"> • Lack of early childhood education, low levels of literacy 	<p>Investment in Parents and Learning Program (PaL) rollout across Australia to encourage parental participation in early childhood literacy and education.</p>
<ul style="list-style-type: none"> • Lack of general education infrastructure. Education investment is key to developing childhood literacy and school retention from prep to year 12. 	<p>Investment in hostels to enable students to access high-quality education in regional centres.</p> <p>Investment providing opportunities and pathways for the emerging younger generation.</p>
<ul style="list-style-type: none"> • Indigenous tertiary student support. A shortfall exists between government allowances for study during cadetships and high rent and study expenses. Rio Tinto is subsidising this cost. Cadetship students are also ineligible for ABSTUDY or Commonwealth Scholarships, resulting in their study being underfunded. 	<p>Allowances for Indigenous cadetship students be reviewed and increased similar to the increase structure for ABSTUDY payment which happens each year.</p> <p>Cadetship allowances are either significantly increased or cadetship students be made eligible to receive ABSTUDY or other government benefits available for students.</p>
<p>3. Vocational education and training</p> <ul style="list-style-type: none"> • Lack of effective literacy and numeracy education programs Low literacy and numeracy levels among the Indigenous population continue to act as barriers to employment. Rio Tinto already provides additional support to address this shortfall in the government education system to assist Indigenous people to access mining jobs. 	<p>More Investment in general literacy and numeracy programs.</p> <p>Deliver industry-tailored literacy programs. Programs around Rio Tinto or mining operations could be supported by MCA or Rio Tinto and assist in providing pathways for literacy students into employment.</p>
<ul style="list-style-type: none"> • TAFE training system: training is insufficient and does not align effectively with industry to meet their skill needs. It is also not timely enough to 	<p>Incentives based training model. Reward good outcomes in training that lead to employment in trades. This would</p>

Issue	Recommendation
<p>meet industry labour requirements. The resource sector is investing heavily in this area to make up the government shortfall. Training requires better linkages to employment outcomes through incentives to prevent 'overtrained and underemployed' Indigenous people.</p>	<p>encourage the training sector to align more closely with industry training and skill needs.</p>
<ul style="list-style-type: none"> • Driver education programs lack skilled and qualified teachers to run courses. A driver licence is key to accessing employment in the mining industry, lack of programs and problems associated with licensing laws and systems cause this to be a major barrier to Indigenous employment. 	<p>Increased investment in driver education pathway programs as a tool to access employment and break down job barriers.</p>
<p>4. Drug and alcohol services</p> <ul style="list-style-type: none"> • Drug and Alcohol support is required in remote areas for the general wellbeing of communities. • Drug and alcohol rehabilitation programs continue to be underfunded and access is still an issue for remote areas. Programs require more resources as they assist people to move from unemployment to employment. 	<p>Investment in Drug and Alcohol counselling programs that link in with employment at local operations. This could be in the form of pre-employment training through driver education, so that people accessing jobs can also access drug and alcohol support if required.</p>
<p>5. Health services</p> <ul style="list-style-type: none"> • Health problems affect the capacity for people to be employed and retain work. Rio Tinto have invested in health service programs to address this issue but require more investment from government. • More investment in Indigenous renal health in regional and remote areas is required from government as this is a major health issue for Indigenous people – diabetes levels are particularly high. • Lack of health care professionals in remote locations • Need for health awareness education programs to educate Indigenous people on the value of healthy diets and lifestyles. 	<p>Investment in health services infrastructure particularly around renal care. Government partnerships with local communities and Industry are encouraged to deliver health outcomes in this area.</p> <p>Government initiated and supported programs for health awareness education, diet and healthy lifestyle.</p>

Issue	Recommendation
<p>6. Family support services</p> <ul style="list-style-type: none"> Family support services are lacking investment. This is a significant problem around mining operations where people are working away from their families. Family support initiatives at remote and regional locations assists employment retention and relieves pressure and stress from the family member away from home. Need for increased support for working parents in childcare, particularly to attract women into the workforce. 	<p>Investment in video conferencing facilities at site to allow more face to face interaction with family for employees working away from home. Government could support this as it contributes to job retention.</p> <p>Implement workplace planning response.</p>
<p>7. Housing & infrastructure</p> <ul style="list-style-type: none"> Severe housing and infrastructure crisis. Overcrowding is having severe impact on child safety, general health, living conditions and employment capability. Housing responsibility and maintenance education is required as Indigenous home ownership increases. Quality housing construction is not regulated effectively. 	<p>Increased investment in Indigenous housing infrastructure where there are considerable employment opportunities to address overcrowding issues and ramifications for work capability.</p> <p>Better regulation of housing construction in remote areas to ensure quality workmanship.</p>
<p>8. Employment services</p> <ul style="list-style-type: none"> Employment Services are lacking alignment with the training sector. CDEP programs in remote areas are still ineffective in preparing people for employment. There still is an abundance of jobs, yet continued Indigenous underemployment. Job network competition in small labour markets 	<p>Develop creative funding models for existing CDEP resources, new FIFO models from remote communities to mining operations and industry-specific and job-focused employment models for remote Indigenous people.</p>
<p>9. Business services</p> <ul style="list-style-type: none"> Business services for Indigenous people are lacking. Indigenous people require an access point for business information to assist them to develop business opportunities and Indigenous business 	<p>Investment is needed to develop centres where Indigenous people can access small business information and expertise. Develop an Aboriginal Business Enterprise Centre (ABEC) which would be responsible for stimulating growth and financial opportunities for existing Indigenous business while educating and assisting with the development of new businesses.</p>

Issue	Recommendation
<ul style="list-style-type: none"> • Need for financial literacy education to assist communities to manage money, trust and business. This could also assist in developing individual financial goals of home ownership in communities. 	<p>Investment in financial literacy would also assist many regional and remote Indigenous people to manage money, trusts and business.</p>
<p>10. Intergenerational wealth</p> <ul style="list-style-type: none"> • Current Australian Tax policy puts Aboriginal trusts at a disadvantage and limits their ability to grow their investment to create intergenerational wealth. • Aboriginal trusts require a range of training to ensure investments are managed effectively for all Traditional Owners to add long-term value. 	<p>Review current tax arrangement for Aboriginal Trusts and explore opportunities to maximise the long-term distribution and accumulation of mining wealth to Indigenous communities.</p> <p>Develop specialised training for Aboriginal trustees and Traditional Owner groups in long-term financial management of community funds</p>
<p>11. Governance and capacity building</p> <ul style="list-style-type: none"> • Indigenous governance and capacity building is significant in developing local capability in remote and regional communities. • Communities require governance training and education to manage the benefits they receive through their relationships with resource companies 	<p>Investment in education programs that focus on leadership and governance would assist people to run their trusts, businesses and cooperatives.</p> <p>Scale up existing governance training programs and roll-out to all regions where governance education is required</p>
<p>12. Government sector services</p> <ul style="list-style-type: none"> • Lack of collaborative solutions for policy implementation • Slow delivery, ad hoc approach and lack of coordination across issues and projects. • Poor staff capability and unqualified staff is an issue for communities who are readapting to new relationships and new policy each time new staff are appointed. There is little continuity with this current arrangement. 	<p>Collaborative, place based service delivery which incorporates key performance indicators (KPIs) into the reporting structure.</p> <p>Review staff attraction, retention and incentives for employment in remote areas.</p>

2. Rio Tinto

2.1 Company Overview

Rio Tinto is a leading international mining group, listed in both the UK and Australia. Rio Tinto's business is finding, mining and processing the earth's mineral resources. The Group's objective is to maximise the overall long term return to shareholders through a strategy of investing in large cost competitive mines driven by the quality of each opportunity, not the choice of commodity.

Major products are aluminium, copper, diamonds, energy (coal and uranium), gold, industrial minerals (borax, titanium dioxide, salt, talc) and iron ore. Activities span the world, but are strongly represented in Australia and North America, with significant businesses in South America, Asia, Europe and southern Africa.

Rio Tinto's businesses in Australia make up around one third of its global assets, and include the Australian parts of Rio Tinto Alcan and Rio Tinto Iron ore and HIs melt, Northparkes, Argyle Diamonds, Energy Resources of Australia (ERA), Dampier Salt, Three Springs Talc, Rio Tinto Coal Australia and Coal & Allied. Rio Tinto also manages Australian and south Asian exploration from a base in Perth. Rio Tinto's Australian corporate headquarters, its global shipping centre and worldwide technical services presence are based in Melbourne. In Australia Rio Tinto employs approximately 16,000 people.

2.2 Rio Tinto & Sustainable Development

Mining is a long term, capital intensive business, in which assets are often situated in remote locations. The extended timescale means that if Rio Tinto is to deliver financial returns to host the governments, local communities and shareholders, we need economic, environmental and social stability.

Rio Tinto is committed to sustainable development not just because it is the responsible and ethical approach to managing the earth's natural resources, but also because it makes sound business sense. Our business success is built on access to land, people and capital. Rio Tinto believes we can help ensure access by building a strong reputation in our care for the environment, our social policies and our contribution to economic prosperity.

Sustainable development is integrated into all aspects of Rio Tinto's business through a number of policies, standards, strategies and performance indicators.

2.3 Rio Tinto Operations & Communities



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 Indigenous people in Australia.⁴ Wherever Rio Tinto operates in Australia, the Group seeks consultative mine development and land access agreements with Indigenous traditional owners.⁵

Since 1996, Rio Tinto has signed nine major mine development agreements and negotiated more than 100 exploration agreements across Australia. In this time, through a range of community funds and trusts Rio Tinto has committed a total sum of economic and social investments in the order of \$1.4 billion. This includes the most recent commitment of \$1 billion through Binding Initial Agreements between Rio Tinto Iron Ore and Traditional Owners of the Pilbara. Among other things, the monies distributed through such agreements are allocated to benefits-receiving trusts and programs related to education, training and employment, business development, cultural heritage protection, environmental co-management and cross cultural education.⁶ Many of these distributions will support regional economic development to Indigenous communities across Australia over the course of next 20 to 30 years.

⁴ Davis, L. 'New Directions for CRA', paper delivered to the Securities Institute of Australia, March 1995, p.4

⁵ Rio Tinto Limited, 'Submission to the Joint Committee on Native Title & Aboriginal & Torres Strait Islander Land Fund- Inquiry into the Effectiveness of the National Native Title Tribunal', October, 2002.

⁶ Ibid.

Rio Tinto Aboriginal and Torres Strait Islander Policy

In all exploration and development in Australia, Rio Tinto will always consider Aboriginal and Torres Strait Islander 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. This is supported by *The Way We Work*, Rio Tinto's policy framework for business practice, which encourages mutual respect and active partnership in community relationships. Under these policies and frameworks Rio Tinto:

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

2.3 Government Partnerships

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.

Currently Indigenous people comprise some eight per cent 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 per cent in 1999 to the current level.⁷ Since 2005 it has increased another one per cent according to current figures, reaching a total of 1,297 people in May 2008. New figures for this quarter reveal that there are still considerable barriers for local people in accessing the employment opportunities available in the resource sector.

Of the current Indigenous workforce, 38 per cent are from local Indigenous communities while the majority – 62 per cent are not local and may be employed through a fly in, fly out arrangement. The majority of Indigenous employees of the Rio Tinto group are employed in semi-skilled operator positions although there is also a growing number of apprenticeship,

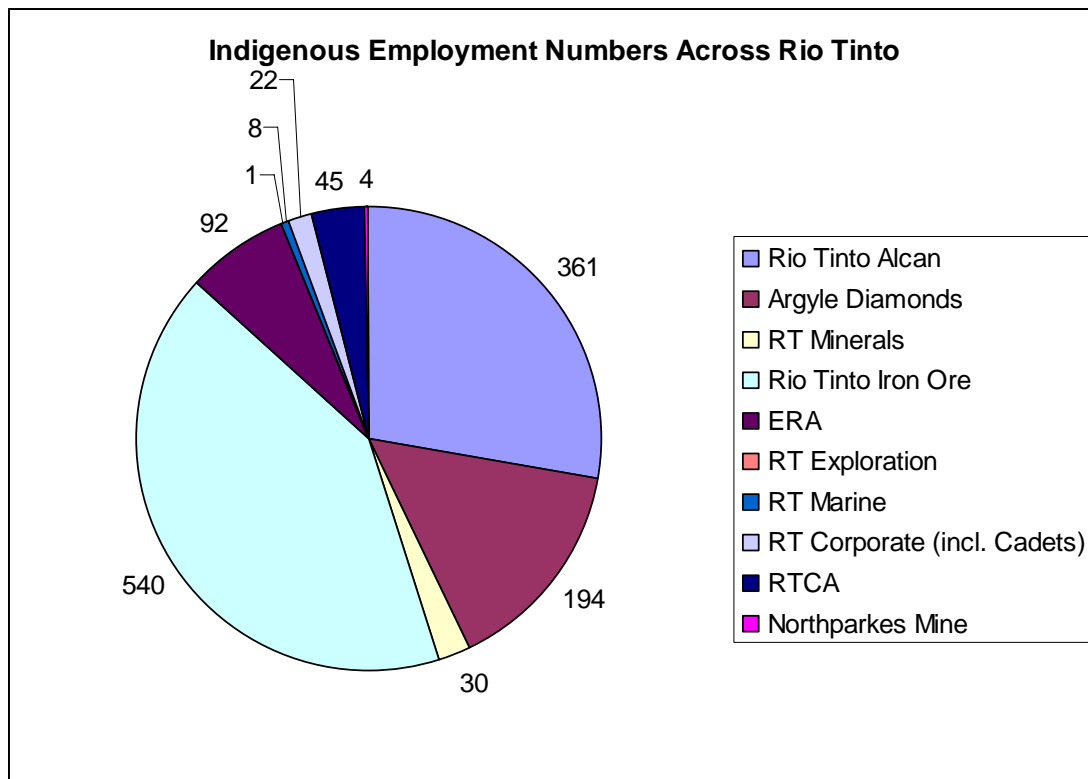
⁷ Rio Tinto Limited, 'Submission to DEWR', Corporate Leaders Awards, 2002

traineeship, administration and trade employees. Indigenous graduates and professionals are also on the rise, making up four per cent of the total Indigenous workforce at Rio Tinto. Across the Rio Tinto Group each site has established Indigenous employment targets that reflect local demography. Indigenous employment at Rio Tinto Iron Ore (RTIO) now exceeds 500 people employed directly or indirectly as contractors.

As part of its commitment to Indigenous employment Rio Tinto Coal implemented a training program for its Hunter Valley operations (HVO). The 12 week Operator training program was the first of its kind and has resulted in five Indigenous people (4 men, 1 woman) gaining Operator positions at the mine. The program was specifically designed to assist Indigenous people to overcome traditional barriers to their employment. These included education and literacy levels. The local community and RTCA view the results of the programme as promising.

Hail Creek Mine, part of Rio Tinto Coal operations, developed and funded the Wiri Traineeship Program which provides employment and training opportunities for the Wiri people, the Traditional Owners of the land on which the Hail Creek Mine operates. The Program is managed by Mackay Area Industry Network (MAIN) has been successful in providing local people with employment and training opportunities on their land. In March 2008, two female participants of the program working in office administration won the Traineeship of the Year Award and an Achievement Award, respectively. Due to the program's success it will continue to be funded and run throughout 2008. Hail Creek Mine is also progressing work to implement a formal agreement with the Wiri people and to develop a community development trust to become operational this year.

Figure 1. Current Indigenous employment levels in Rio Tinto operations – 1,297 people as at Quarter 1, 2008



Rio Tinto's achievements in the area of Indigenous employment have helped it to develop best practice in the area of Indigenous recruitment and retention, encouraging Indigenous access into the company and providing increased support for the Indigenous job seekers

who may face other disadvantage in their lives relating to drug and alcohol abuse or poor education. This has involved modifying internal human resources practices without compromising merit-based selection requirements.

Argyle Diamonds have been profiled for achieving 25 percent Indigenous employment at their operations, with an aim to achieve 40 percent. This success has relied heavily on good community relationships and active recruitment, training and job mentoring for Indigenous staff.⁸ Rio Tinto has been highlighted as a corporate leader in Australia to help bring disadvantaged Indigenous people into its workforce.⁹ For Rio Tinto businesses, Indigenous engagement and employment is built into the annual business planning cycle and Indigenous recruitment is monitored quarterly across all operations. Employing locally based people provides a stable and skilled workforce while underpinning the productivity of the mining operation.

In addition to commitments to employment, Rio Tinto has also been party to other community based agreements and projects that seek to improve the economic, education, health and employment outcomes for the regional and remote Indigenous communities that they operate in.

Government partnerships with Indigenous people include:

- **The Memorandum of Understanding (MoU) between the MCA and the Commonwealth Government:** launched on 1 June 2005, the purpose of this major, five-year agreement is to 'formalise a partnership between the Commonwealth of Australia... and the Minerals Council of Australia to work together with Indigenous people to build sustainable, prosperous communities in which individuals can create and take up social, employment and business opportunities in mining regions'.¹⁰ Rio Tinto has been part of this agreement through their involvement with the establishment of some of the eight pilot Regional Partnership Agreements that followed from the signing of the Memorandum. Western Cape communities Regional Partnership Agreement finalised in April 2008, and the Ashburton-Roebourne Regional Partnership signed in October 2007 are all outcomes from the MCA MoU.
- **The Memorandum of Understanding (MoU) between Rio Tinto Iron Ore and the Western Australian Government:** signed in November 2007, this landmark agreement sets out a joint approach to employment and enterprise development. It will identify up to 300 new Indigenous workers from the Pilbara and elsewhere to join RTIO's operations in a range of occupations by 2010. Rio Tinto and the Department of Industry Resources (DOIR) will collaborate on pre-employment and job-based training programs to ensure recruits are job-ready and properly supported once they start. The agreement also commits to establishing contracting opportunities between RTIO and Indigenous-owned businesses, as well as enabling an Indigenous-owned mine rehabilitation enterprise that acknowledges the Traditional Owners' strong interest in the remediation of their land as mine closures occur.

⁸ Williams, R. 'Argyle Closing the Aboriginal Gap', *The Age*, 17 May 2008, p. 4

⁹ Nader, C. 'A Fresh Focus on Helping Youth Get Jobs and Learn Skills', *The Age*, 19 May 2008, p 3.

¹⁰ Australian Government & Minerals Council of Australia, 'Memorandum of Understanding', 2005.

- **The East Kimberley Regional Partnership:** signed in 2006, this is a collaborative partnership between the Australian Government and the Minerals Council of Australia (MCA) to achieve economic development outcomes for the East Kimberley region. Argyle Diamonds was one of the signatories to this agreement.
- **Napranum Shared Responsibility Agreement:** signed in 2006, this agreement formalises a relationship between the Napranum community and the Queensland government. Rio Tinto Aluminum, formerly Comalco, was a signatory and party to this agreement agreeing to provide support traineeships over three years.
- **Infrastructure investment:** to support partnerships and agreements Rio Tinto Iron Ore makes contribution to regional and remote Indigenous communities through Infrastructure investment. Rio Tinto Iron Ore provides many vital services and infrastructure needs in the towns of Dampier, Wickham, Tom Price, Paraburdoo and Pannawonica. In 2006, \$32 million was invested in community infrastructure in the Pilbara, Western Australia.
- **Sustainable planning for regional and remote communities:** Rio Tinto has provided financial and in-kind support to projects such as the Centre for Social Responsibility in Mining (CSR) report into Indigenous Employment in the Mineral Industry, which has provided critical research into sustainable employment practices for the mining industry and into areas of opportunity for the employment of Indigenous people.
- **Aurora Project:** this project supports a number of programs that aim to build capacity in Indigenous communities. It focuses on professional development in law, anthropology, management, research and education. The project follows a report released in 2005 by the Native Title Representative Body lawyers. Rio Tinto is working with the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to implement the recommendations of the report.

2.4 Rio Tinto Funds & Community Partnerships

Rio Tinto operations invest in capacity building for Indigenous communities through the funding of Indigenous community projects and partnerships across Australia. These include:

- **Rio Tinto Aboriginal Fund** was established in 1996. Since its establishment the fund has contributed \$15.3 million to Indigenous focused programs. Some programs that it supports include the Indij Readers, Clontarf Foundation, Parents and Learning, and Engineering Summer School. Many of the programs supported are linked with education and learning outcomes.
- **Rio Tinto WA Future Fund** was established as part of the company's commitment to building a prosperous Western Australia. Rio Tinto provides the fund with \$2 million per year for distribution. The fund focuses on community development programs, partnerships and initiatives and has assisted in projects including the Graham (Polly) Farmer Foundation and the Western Australian Aboriginal Child Health Survey.
- **Rio Tinto Partnerships:** Rio Tinto has established partnerships around the world for environment and social causes. Among these are many related to Indigenous education. The Centre for Appropriate Technology (CAT) is a national Indigenous science and technology organisation governed by an Indigenous board. Rio Tinto has been working with CAT since 1999 to improve technical capacity within remote Indigenous communities, which often lack necessary skills and infrastructures. The partnership has two key programs:

- Akaltye – a science and technology event for Indigenous secondary students in regions near Rio Tinto Australian operations.
- Employee Fellowship Program which provides opportunities for CAT to access the technical skill and expertise of Rio Tinto employees. This has proved an effective way to communicate technical knowledge to non-specialists and assist in remote community development and capacity building.
- **Tarong Coal Fund**, administered by the Aboriginal Community Interest Consultative Committee (ACICC), was established in 2004 and has delivered a partnership program between Rio Tinto Coal and the South Burnett Aboriginal Community. The fund, through the Bunya Working Group, aims to assist projects that will deliver long-term and sustainable outcomes for the South Burnett Aboriginal Community.¹¹
- **Upper Hunter Valley Aboriginal Community (UHVAC) Fund** was developed by Coal & Allied, and is administered by the Aboriginal Development Consultative Committee (ADCC). The fund provides support to community identified and driven projects and assists in developing a ‘vision for the future’ through facilitated community workshops with the local Aboriginal community.
- **The Gelganyem Trust** was set up under the Argyle Participation Agreement and the ‘Education and Training’ Shared Responsibility Agreement (SRA) to assist in the development of education and training opportunities for the Mirriuwung and Kija people of the East Kimberley in Western Australia. The SRA was negotiated under the Indigenous Land Use Agreement (ILUA) with Argyle Diamonds and draws on funds from the royalties of this agreement.
- Rio Tinto Coal and Allied is in the process of establishing two new funds at each of its Blair Athol / Clermont and Kestrel project areas, and re-establishing a Trust at Hail Creek Mine. They all aim to assist community driven projects that will deliver long-term and sustainable outcomes for the Aboriginal community. All three funds should become operational during quarter 3 2008.

¹¹ Rio Tinto Coal and Allied sold the Tarong Mine in the first quarter of the 2008 financial year.

3. Key Issues, Programs that Work, What is Needed?

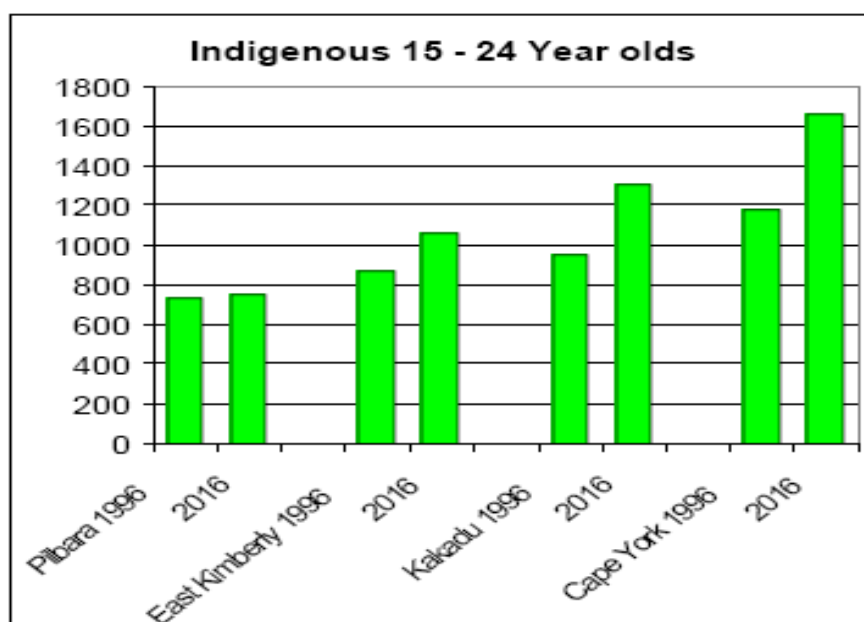
3.1 Growth in Youth Population

A report by John Taylor commissioned by Rio Tinto in 2002 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.¹² 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)

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



A key finding of the Taylor report was that the growth in population was occurring particularly in working age groups (15–65). In 2016 the number of prime working age

¹²Taylor, J. 'Outcome from the CAEPR Population Study', 2002

Indigenous individuals will have increased by 70%.¹³ The study found that, when compared with non-Indigenous population growth rates in these regions, while non-Indigenous Australians are getting older, Indigenous Australians are getting younger.

Potentially this population growth presents opportunities for the mining industry. At present Indigenous unemployment rates across Australia are as high as 80 per cent. 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 sustained capacity building of regional and remote Indigenous communities 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 implement creative models for community development to address the growing youth population and to provide them with opportunity for education and employment in their region.

3.2 Early Childhood, School & Higher Education

Key issues

- Lack of trained Indigenous early literacy teachers
- Lack of access to dedicated programs developed to enhance parents' participation in early literacy
- Lack of safe and culturally appropriate child care facilities to enable mothers and grandmothers to seek employment
- High rotation of teaching staff in remote locations
- Students moving away from remote areas to access higher education require increased support
- Financial support for Indigenous cadets is inadequate, ABSTUDY policy requires review.

Early Childhood Education

Significant attention has been brought to the issue of early childhood education among Indigenous Australians. Regional and remote communities are particularly affected due to the lack of education infrastructure and facilities available for young children.

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. Rio Tinto Aluminium at Weipa has offered to employ every local Indigenous student who completes Year 10, through traineeships and the offer of apprenticeships. Follow the Dream is another example, where year 12 students are tracked and supported post year 12 to help them achieve study or employment outcomes.

¹³ Ibid

School Education

A significant issue for remote schools, particularly in the Kimberley region of Western Australia, has been the rotation of teachers and principals. Currently, positions are allocated on a six-month contract, resulting in a high turnover of teachers and principals. This presents issues for community and students who must readjust to new people and relationships and leads to disruption to the school year and to schoolwork. Government needs to provide more incentives for teachers to remain in remote teaching positions for longer periods, to encourage ongoing development of schools and education programs subject to local community needs. Schools like Halls Creek High School have proven that community-minded planning and committed staff bring about good attendance outcomes.

There is still very little emphasis on girls' education, and their leadership development needs to be addressed through new programs and initiatives also.

Higher Education

Unfortunately students on a cadetship are ineligible for ABSTUDY payments or any Commonwealth Scholarship. For many of the students who come from remote areas of Australia, the cost of relocating and living in a major city is high. The cadetship payment will not cover this cost and hence students go elsewhere for financial support. The worst case has seen students not apply for a cadetship as the funding is insufficient to cover their expenses.

Programs that work – Early Childhood Education

Parents & Learning Program (PaL)

Rio Tinto has been a supporter of the PaL program since 1999. This is an early literacy program which encourages parents to take a role in their child's education and increase their confidence as parents and educators. The program has proved that it increases motivation among parents to participate in reading activities with their children, and children participating in the program have improved their quality of literacy.

Since 1999 Rio Tinto has supported PaL in a number of locations around Australia, including Napranum and Mapoon in Cape York Queensland, Echuca in Victoria and Newcastle in New South Wales. Rio Tinto is supporting the program through their partnership fund to roll out the program into Western Australia, with an initial focus on the Roebourne community in the Pilbara. Programs are being implemented in other locations in Australia.

Programs that work – School Education

Western Australia – the Pilbara

The Graham (Polly) Farmer Foundation established a joint partnership with Rio Tinto Iron Ore and DEEWR in 2000 to establish the Gumala Mirnuwarni program. The program has been operating successfully 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.

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 or parenthood. Last year, seven students from this program proceeded to university studies.

Western Australia – Halls Creek

Halls Creek District High School has developed a new structure to the school week to increase educational opportunities and provide a balanced curriculum for their students. The model, called the '6 in 5', aims to give student six days' worth of education in five days, with Monday to Thursday being core learning time and Friday set aside as a community activity day. The breakup of the school day is also developed to reach the students' full potential, with core learning in literacy and numeracy subjects in the morning when children are alert. Activity-based curriculum is completed in the afternoon.

There have been attendance improvements across the school. Kindergarten and pre-primary attendance is up to 84 per cent attendance, an increase of 37 per cent. Year 8 student attendance has also increased by 27 per cent in three years. There has been a positive result in the reduction in negative behaviours from students – down by 80 per cent – as well as reports from teachers regarding excellent improvement in classroom standards.

Queensland – Weipa

In 2002 Rio Tinto Alcan (previously Comalco) supported the development of the Western Cape College, which brought together three separate schools in the Western Cape under one umbrella. As part of the Western Cape Communities Co-existence Agreement (WCCCA) signed in 2002, Rio Tinto Aluminium committed to employ every Indigenous student who completed year 10.

In 2007, 27 students from the Western Cape College participated in work experience at the RTA site and 55 students visited its operation to learn about the mining process, including seven who visited the head office in Brisbane. The partnership with the Western Cape College was announced joint winner of the 2007 Prime Minister's Award for Excellence in community Business Partnerships North Queensland. It continues to provide local students with a wide range of school-to-work pathways including work experience, school-based traineeships, 18 month traineeships and apprenticeships.

Programs that work – Higher Education

Indigenous Cadetship Project

Rio Tinto was one of the first private sector organisations to participate in the Commonwealth Government's *National Indigenous Cadetship Project* (NICP). This is a DEEWR initiative that aims to generate professional employment opportunities for Indigenous students following tertiary study.

Since 2000, Rio Tinto has supported 58 students in various stages of their tertiary studies in fields including law, commerce, environmental science, archaeology, anthropology, geology, engineering, human resources, occupational therapy, medicine and public affairs. Currently, 25 students participate in the Rio Tinto Indigenous cadetship program. Thirteen cadets have now graduated and are working in professional roles, and eight are working full time for the company. It is planned this year that many business units will offer graduate places to Indigenous cadets pending successful completion of their university studies.

The NICP through DEEWR provides funds to assist students with living expenses and other study costs. However, due to the rise of the cost of living, in 2007 Rio Tinto agreed to provide "top up" money to support students' living allowance, increasing the allowance by an extra \$200 per month. This figure will be reviewed again in early 2009.

What is Needed?

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. Government is encouraged to support the national rollout of the Parents and Learning Programs to tackle Indigenous children's literacy, particularly in the Northern Territory and Western Australia.

Rio Tinto also urges the Australian government to develop industry partnerships to create employment pathways from school to local jobs, and to invest in regional centre hostel accommodation for Indigenous students seeking higher education outcomes who require support to move away from their community for year 12 or further study options.

The Indigenous Cadetship allowance figure should be reviewed by DEEWR, as their support has not increased since the program's inception in 1999. By comparison, ABSTUDY payments have increased every year to compensate for rising living costs. It is recommended that, unless the cadetship payments are significantly increased, those students who have received a cadetship should also still be eligible for Commonwealth Scholarships and full or partial ABSTUDY payments.

3.3 Vocational Education & Training

Key issues

- The cost of addressing systemic literacy problems to increase employment outcomes is being borne by the private sector
- There is a lack of large-scale tailored adult courses and the TAFE system is not adequately aligned with employment demand and industry needs
- Companies are competitively recruiting from an ever-shrinking pool of job ready Indigenous candidates because training is not building up the broader, long-term unemployed Indigenous labour force.
- A reward system is required for the training sector that provides tangible incentives for skilling Indigenous people in a way that leads directly to employment.

Literacy & Numeracy

The lack of literacy and numeracy skills among Indigenous people in regional and remote communities has affected their access to employment and scope for business and community capacity building. Literacy and numeracy is not only a key requirement in fulfilling most types of employment, it is also a vital tool in accessing employment through job application processes. More concerted efforts are needed to develop literacy and numeracy training in remote and regional areas where real jobs are available.

Rio Tinto is directly affected by this through employing of local people around many of its remote operations. 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 (OHS) standards required for employment.

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. Similarly, ERA has invested in this area and they share the view that literacy training should be a government responsibility. Previously, ERA supported a centre that provided literacy training for communities close to its operation. ERA has since removed itself from this role and the gap in literacy services has not been picked up by government.

These sorts of courses need to be made available more readily to supply industry needs, and more investment by government is required to support literacy and numeracy requirements of the local Indigenous people. At present there is no comprehensive adult literacy program that can be readily accessed by Indigenous people. However, some models and programs that are currently working include:

- Charles Darwin University “scaffolding program” for adolescents
- Indonesian and Laotian models demonstrate good outcomes. Safety training is appropriate and mining companies internationally have been successful in both literacy and access to employment.
- ELECT literacy program outlined on page 26.
- Q test – a hands-on activity-based test to determine capability for employment. This test is distinct from traditional standardised instruments in that it assumes no previous experience with traditional paper and pencil 'test' environments and requires no verbal behaviour (written or spoken) from assessor or candidate. Instead, test administration involves the assessor working with one candidate at a time, communicating via a series of non-verbal instructions and gestures relating to key tasks,

TAFE Training System

The TAFE system and the training it offers are not currently aligned effectively to local employment outcomes and industry needs. The current employment boom has created many low- and semi-skilled positions that could be available for long-term unemployed Indigenous people if there were a concerted and coordinated effort to train and support them into employment.

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 through ‘cherry picking’ by companies 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. To address this there needs to be increased access for Indigenous people for vocational education and training, to assist them in becoming job ready and to develop the whole capability of the community.

There are number of structural, environmental and geographical factors which affect the TAFE system’s capacity to forecast, prepare for and meet current and future skills demands. Firstly, decisions on training provision are made centrally and so local needs cannot be readily accommodated. For example, the WA TAFE timetable is out of kilter with local environmental and lifestyle factors in tropical locations, where many Rio Tinto operations are located. It operates on a school year without regard for the wet and dry seasons in the North. In the wet season Indigenous people tend to reside in their communities, a time best

suitable to the provision of training services so that people can then access employment in the dry period. The dry season is also 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.

Furthermore, because few arrangements are made to bring trainers to mining regions, trainees and apprentices have to travel long distances away from their families and communities to the TAFE, which can be disruptive and affect completion rates. In the case of Argyle, apprentices have to travel either 1,500 km to Karratha or 3,000 km to Perth to undertake their training despite there being sufficient numbers to warrant flexible delivery in the East Kimberley region.

Standard funding formulae mean that most training in the areas in which Rio Tinto mines are located is deemed to be uneconomic. Similarly, User Choice funding is State/Territory-based and not transferable with the employee, which means that Indigenous employees in the Kimberley 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 in completing their training.

Teacher training, attraction and retention issues have led to a severe shortage of qualified, capable teachers in mining regions. Salaries and distance allowances provided to teachers in remote locations are not competitive with those offered within the mining industry, and teachers are not funded to travel from their coastal base to inland towns in the Pilbara. There is also a lack of trainers with recent mining industry experience, which means that additional on-the-job training must be provided to ensure there is no disparity between the training provided and the application of skills in the workplace.

The quality of training delivery and assessment is often inadequate for industry needs. Rio Tinto Shipping has been particularly affected by the quality of assessment of maritime capability. A number of candidates for employment have received maritime certificates through the TAFE sector yet were not able to demonstrate the competencies certified. When the employees presented at the Australian Maritime College for additional training, they struggled with the training and their employment could no longer be guaranteed by Rio Tinto Shipping.

All of these factors combine to create a training system which is unable to deliver quality training in a timely manner. Indeed, most Rio Tinto sites are undertaking only limited training through TAFE because the TAFE institutions in those locations are not delivering the requisite skills in the necessary timeframe. Instead of providing a steady pipeline of trained and work-ready staff to fill the multitude of jobs available, TAFE supplies only a small trickle of people who progress to employment in the mining industry.

Driver Education

Driver education and training is crucial in many communities in breaking down barriers for local Indigenous people to access employment. However, policy developments in Western Australia surrounding driver education are making it difficult for Rio Tinto to fast track potential local employees into work. Some problems include:

- Discussions within the WA government about increasing current required learner driver logs, which lengthen timeframes for people accessing a driver's licence
- The difficulty of finding fully licensed people within each community to teach driver courses and provide the necessary number of hours driving experience to learners

- The possibility that the duration of probationary licences could be increased from two to three years, lengthening timeframes for people to upskill to higher grade licenses required for mine site work.

Remote Indigenous communities require more flexibility around driving and licensing issues in order for them to access job opportunities. Problems such as people driving without a licence have the potential to snowball for the individual, leading to incarceration, re-offending and limitations on their access to a licence in the future. This cycle has considerable effect on their ability to access work with local operations where driver's licences are required. Increased investment in driver education around mine site locations would allow Rio Tinto greater capacity to hire local people.

Programs that work – the Pilbara

Rio Tinto operations in the Pilbara have invested in the ELECT literacy and numeracy program which runs over 37 lessons to bring people up to a secondary level of reading. This allows potential employees to navigate the mine site workplace and be aware of safety signs and warnings. Although this is being run by the local TAFE, it is funded and supported by Rio Tinto so the company can progress people from CDEP or unemployment into work as quickly as possible to meet the job vacancies available. The program has been relatively successful in areas such as Tom Price, Karratha and Onslow.

This example presents the need for tailored and appropriate literacy programs. Rio Tinto operations require increased investment by government in appropriate literacy and numeracy training, suitable for adults working in mining. Although there are some good courses through TAFE in Western Australia, these literacy programs have been difficult to source through the TAFE sector. DEEWR runs a Workplace English Language and Literacy (WELL) program which is designed primarily for non-Indigenous clients and these programs have not demonstrated success in upskilling large groups of Indigenous employees.

The Australian Technical College is demonstrating good flexibility in a model that should be supported however it requires a stronger pipeline of students to attend the school. In addition, as mentioned previously, the Gumala Mirnuwarni Graham (Polly) Farmer Foundation has been very successful in achieving Indigenous education outcomes in the Pilbara and other parts of Western Australia.

Programs that work – the East Kimberley

In partnership with the Kimberley TAFE and the Swan Valley, Argyle Diamonds has developed an innovative new model which has overcome many of the barriers associated with training delivery in remote locations.

Argyle was concerned that Indigenous trainees and apprentices going to Perth for their block release of study were often left outside of the system as there was no support for Indigenous students. Often issues arose around these young people travelling away from home to complete their job training, getting lost in the bigger city and feeling overwhelmed. To address this, Argyle Diamonds has invested half a million dollars in the establishment of local workshops. This will enable the company to bring a teacher/trainer on site regularly for trade traineeships and apprenticeships.

It has taken almost two years for this process to achieve change. The model allows Argyle to operate a fully functioning trade training centre on the mine site with FIFO teaching provision services. This will enable them to address pre-apprenticeship programs as well.

The partnership aims to increase the level of care and support provided to young apprentices and trainees when they need to be in Perth for study blocks.

What is Needed?

The government needs to increase its investment in literacy and numeracy training to address the education shortfall in this area. Indeed, industry requires a minimum Year 8–10 level literacy for safety purposes and local Indigenous people are struggling to achieve this level. The Australian Government could invest in pilot sites across remote and regional Australia. Companies such as Rio Tinto could be engaged at sites close to their operations. The Minerals Council of Australia could be considered as a partner in developing appropriate literacy training programs with DEEWR. These programs would focus on results and industry requirements for literacy and numeracy so that courses can overcome barriers to employment and deliver people into jobs as quickly as possible.

Government needs to make a significant investment to grow the capability of the regional and remote training sector. Particular support is required to assist training to catch up to industry to meet skills needs in a timely manner. There needs to be greater emphasis on site-based training that is relevant to the resource industry, so that candidates are adequately prepared to work on a mine site. As mentioned, mining companies are addressing the training shortfall by topping up funding for training or by wholly supporting certain job training.

Rio Tinto recommends there be a greater reward for training outcomes leading to sustained employment. Without appropriate linkage to the demand cycle, we push people into training without it resulting in employment. The current climate in the resource industry is abundant with jobs in regional and remote areas while Indigenous people continue to be underemployed in these locations. This disconnect is due a lack of the right incentives within the training system to promote behavioural change to focus on training Indigenous people in skills which lead to a real job. A reward incentive within the training system needs to also encompass a retention period to encourage sustained employment. Retention and employment incentives will assist the training to realign with workplace requirements.

Increased investment is required in driver education training. This continues to be a major barrier to employment as driving offences can lead to incarceration, criminal records and well as prevention from regaining a driver's licence, further limiting a person's prospects for employment. This investment has the potential to be one of the greatest opportunities that the government could put in place. If driver education was more accessible, including providing more vehicles and teachers, it would create a pipeline of fully licenced drivers who could continue to teach learners legally without people having to resort to illegal activities in order to access transport in very remote locations. It would also develop skills and local capability in the region, making employment opportunities more accessible.

3.4 Drug & Alcohol Services

Key issues

- Drug and alcohol issues continue to affect Indigenous people's access to employment.
- Effective drug and alcohol support assists people to access and retain employment.
- Rio Tinto works with local drug and alcohol support services to assist employees who have substance problems. These programs aim to build drug and alcohol support into the workplace.
- Alcohol management plans have unintended consequences for communities that do have access to alcohol. This needs to be addressed in planning.
- Hands-on management works best and is utilised by Industry to work with employees.
- Best-practice programs link drug and alcohol support to employment and allow people to be educated about wider implications of alcohol other than health.

Effective Drug and Alcohol services for regional locations can support employment programs and have proven to assist in retaining staff in employment at Rio Tinto operations. These services also contribute to community wellbeing through the broader benefits they offer for Indigenous health outcomes and family wellbeing.

Currently, there is a lack of coordinated services for substance abuse problems and this has been reflected in operations in the Pilbara region of Western Australia. Until recently, the Rio Tinto Iron Ore Pilbara operations were not aware of the Pilbara Aboriginal Drug and Alcohol Centre (PADAC) and the services this centre could offer. Being aware of these services greatly increases the capability of Rio Tinto to provide drug and alcohol rehabilitation support to employees who are in danger of re-offending. Since utilising the services of PADAC, Pilbara operations have been able to refer employees who have received a warning about this issue to the service for help and support. This has helped to retain staff and increase awareness in the community about the effects of alcohol on health, work capability and employment prospects.

The ERA operations in the Northern Territory have been particularly affected since the intervention in 2007. In the Jabiru area there is no support for people with alcohol or substance abuse problems. While the ERA can offer pathways to employment and job readiness training for local people, the most significant issue that local Indigenous people have to tackle is substance and alcohol abuse, and they would benefit from a program to direct people into the labour force while managing the alcohol abuse. A key issue for ERA following the Northern Territory intervention is that the review and changed practice in the local government means that community services are probably more focused on alcohol and substance abuse rehabilitation than they are on regional engagement/regional capacity building, which is also required to bring about positive change.

Improvements and greater investment is widely needed in this area and there are examples of good work that is being accomplished, although under significant strain and the lack of funds. The Good Shepherd nuns at Warmun provide a drug and alcohol rehabilitation program on a largely voluntary basis. They have some limited resources and for \$18,000 a year the Good Shepherd runs about six programs. This puts enormous strain on their capacity to deliver the services to all in need and more professionals are required to run programs that reflect good practice. Alcohol management plans which have been introduced

in Cape York and the Northern Territory have also made positive contributions to this issue for regional and remote Indigenous communities.

However unintended consequences have emerged as a result of alcohol management in Indigenous communities in places such as Jabiru and Napranum. These communities now have increased pressure on their housing and infrastructure due to the movement of people to these areas to access alcohol. People are moving away from dry or managed communities into these 'open' towns which are close to regional centres like Weipa where alcohol is accessible. Although these 'open' towns have managed alcohol sales through limitations on take-away purchases, families living close to 'open' towns have increased pressures to accommodate relatives from other places who are primarily relocating to get access to alcohol. The migration to these areas is causing overcrowding and is impinging on other family members who may have jobs.

Hands-on management by industry to support employees in drug and alcohol issues does not appear to extend to government pre-employment programs and the issue is often put into the too-hard basket. Rehabilitation programs or a structured training program which addresses substance use would be useful to incorporate into pre-employment or training programs delivered by government. Other suggestions would be to use a drivers' education program as a way of engaging and rewarding people for sobriety. Such a program could help increase community understanding around safety concerns when driving and the use of a vehicle, while at the same time increasing employment prospects by offering driver education and licenses. There is also strong support from Indigenous elders in regional and remote communities for drug and alcohol counselling and government needs to engage more effectively with community on this issue.

Programs that work – Drug & Alcohol Education Program

An example of an Industry-supported program that is working is that developed by Rio Tinto Iron Ore and Argyle Diamonds. The features of this program include:

- Drug and alcohol testing which is built into the pre-employment training model.
- Six weeks before training Argyle and Rio Tinto Iron Ore advise new employees of their responsibilities under any training programs.
- The education program increases people's understanding of alcohol. It promotes the implications alcohol has for safety around the mine site and how alcohol affects work productivity.

What is Needed?

Regional and remote Indigenous communities require higher investment in rehabilitation programs and services. This can be linked to employment so that people who want to access employment, even with a substance problem, know they can access drug and alcohol counselling to support them in their employment goals. It is recommended that counselling services or drug and alcohol awareness education could be linked to driver education courses as pre-employment training. This would be a relatively easy entry point through which people can undergo drug and alcohol testing and understand driving safety issues. Drug and alcohol testing would be built into the pre-employment course and the outcome would be that people who participate achieve a certificate, a driver's licence and an awareness of alcohol's implications for their newfound privilege of driving and their overall employment prospects.

3.5 Health Services

Key issues

- Poor Indigenous health affects employment capability and access to opportunities in education.
- Kidney health is a significant problem, as is diabetes. Both concerns are linked with dietary issues, which require education programs about healthy living.
- Health services for Indigenous people in remote areas are often located far from country and family.
- The Western Australian government has not been supporting practical and successful methodologies to address this issue.
- Rio Tinto has provided funds to address health problems and barriers that can prevent employment, however more government investment is needed.
- Attracting health professionals to remote hospital and health care facilities remains an issue.

Rio Tinto businesses realise that relationships with Indigenous people go beyond native title. Investment and engagement for the company is not about land alone but about doing a good job beyond just paying the rent.

Health issues faced by Indigenous people continue to affect their capacity to be employed. This is particularly true in regional and remote locations, where increased investment in health services, facilities and infrastructure is needed. The 17 year age gap between Indigenous and non-Indigenous Australia has been widely publicised however this gap also significantly affects Indigenous communities where in some cases the Indigenous population is maturing.

Kidney health is a significant issue for many Indigenous Australians and access to renal services is limited in certain locations, particularly in the Pilbara, Western Australia. For people living in the central Pilbara the nearest dialysis is six to eight hours' drive away in Port Hedland. Many of the kidney health services are located in Perth, meaning that to access the health care, people have to leave their country and family for extended periods of time.

Traditional Owners residing in and around Tom Price have developed a project to fund a renal dialysis machine so local people could be resident in their communities while undergoing renal health care. RTIO had located a suitable facility but the WA Health Department would not consider engaging in the project. By contrast, the Queensland government has supported a joint project in Cherbourg between Rio Tinto Coal and the Cherbourg community with the establishment of a renal dialysis unit, a renal facility and nursing support.

Argyle Diamonds recognises that medical standards that are required to operate on the site are very high and the company is making efforts to achieve good health services for communities. It has made a significant investment in supporting health programs and wants to improve local Indigenous people's access to health. This is Argyle's first major foray into health, although they previously ran a program on kidney health assisted through the Unity of First People of Australia (UFPA) at Warmun, Western Australia. Such efforts indicate the realisation by companies that getting people into jobs is not just about literacy, but that health initiatives also contribute to job readiness. It is becoming very clear that people who are living in overcrowded circumstances without good food or sleep are not living a sufficiently balanced lifestyle to attend work and retain employment.

Indigenous trusts have also been funding several programs aimed at alleviating health services around dialysis, failing kidneys and diabetes. However, this is an area which requires more input by government such as the need for dialysis machines and required support staff in remote and regional locations. It is important that governments increase their investment in renal health services to ensure adequate provision of health services for people with renal failure or renal disease in regional Australia.

Health Professionals

In consultations with Weipa industry members, it was revealed that the Queensland health system is having major problems in attracting medical staff to the new hospital in Western Cape. The hospital is a major provider of health services for communities in the Western Cape including Aurukun, Napranum, Weipa and Mapoon, and services a large Indigenous population. Similar issues were felt in the Cherbourg community in Queensland where the renal health unit did not operate for 18 months due to a lack of committed and trained staff available to train patients or operate the machines. Attracting medical and nursing staff to remote regions is essential if there is to be a concerted response to closing the gap between Indigenous and non-Indigenous health outcomes. This is similar to the problem with government staff and capability in remote locations, treated in more detail on page 41.

Health Awareness

Regional and remote Indigenous communities require greater awareness as they strain to manage health, public health and water services effectively in their locality. One of the biggest issues is household maintenance. There is a need for training in environmental services which teaches people hygiene and maintenance skills so they are able to access adequate rental accommodation, contributing to their employment capability.

Health education also needs to be improved in areas such as diabetes and diet as the number of Indigenous people suffering from diabetes continues to grow. . This sort of education would also assist with child health and promote to parents and families the benefits of healthy lifestyles in the long term.

One of the areas in which the mining companies are assisting is by helping people to understand that drinking water rather than soft drinks will improve kidney health. The culture of unhealthy diets coupled with alcohol is having a significant impact on public health and this needs to be addressed by government. The issue requires long-term investment.

Programs that work – Health

Warmun community, Western Australia

In Warmun community the recent funding for a multi-function centre, with a combination of police investment and nursing support for the health services, has made a significant difference to health service provision for the community. These partnerships with the state government need to be encouraged, and Rio Tinto would like to see more partnerships like this in other remote Indigenous communities to build health and policing infrastructure.

Rio Tinto Aboriginal Fund – Northern Territory

Rio Tinto Aboriginal Fund previously provided support for a major study in Northern Territory with Dr Wendy Hoy and The Menzies School of Aboriginal Health. The outcome was a methodology which worked to support early intervention in kidney health. This focused on monitoring people in their teens and providing access to medications and education about improving healthy lifestyle. However, there has not been a willingness in

Western Australia to develop this project further.

For two years the Office of Aboriginal and Torres Strait Islander Health in the Department of Health and Ageing supported this work as a partnership. The evaluation from this work was very positive and had the potential to be rolled out to a number of localities across Western Australia, however no additional resources have been made available despite the methodology having demonstrated real outcomes for improved health.

What is Needed?

Government needs to increase its investment in regional and remote health service, particularly in renal care to address diabetes and kidney problems within the Indigenous population. Further investment in government-sponsored education programs that promote healthy lifestyle, diet and drinking habits would also benefit communities. Government is encouraged to partner with community and industry initiatives to achieve good health outcomes.

3.6 Family Support Services

Key issues

- Need to address family pressures associated with working away from home for long period of time
- Rio Tinto are investing in family support services to retain staff at remote mining operations
- Building relationships and developing awareness with community about employment requirements and expectations is key to retaining Indigenous staff
- Lack of childcare facilities at mining operations has limited women's capacity to be employed in the mining sector.

The arrangement of employees working away from family for weeks at a time puts pressure on the family and the local community in terms of child care and family support mechanisms. To recruit and retain Indigenous employees, Rio Tinto provides family support to address a range of social and health issues in communities.

Rio Tinto finds it effective to manage family engagement and ensure that families understand the requirements for people to be working away from home on mine sites. To address this mining companies have developed site visits for whole families and arranged family days where people can come to sites to see what is expected of their workers. This helps build a two way understanding for families and for the wider community about the requirements of mining operations and the type of behaviour expected from employees.

The relationship building between families and company also helps to increase awareness in community about job opportunities and make the mine site and the company more accessible to other community members as a potential source of employment. It is recommended that programs from the 1960s which educated people on housing management and food management be reinvigorated. These help families in running households. Quite often a lack of understanding of hygiene and management of sewerage and food leads to bug infestations and then health problems. Effective household management can make shift work easier for those in the house that are employed.

Mentoring programs have also been an effective way to engage with employees and support them with concerns around work and family. However, additional programs that utilise

employment ambassadors such those located at Pilbara Iron or in the Western Cape have radically improved issues arising for employees as it allows families and the workers to sort out issues while they're away from home and working at the mining operations.

Family support services can also assist in the smooth transition of Indigenous people moving away from their communities for work. These services can raise awareness for people moving into predominately non – Indigenous communities about the new living environment and the local community expectations around house and garden maintenance and noise levels. Greater government assistance around family services that can be incorporated into existing employment services for the regions could alleviate some of the work private enterprise is undertaking to address this issue for its employees.

Child care

A lack of day care facilities is often an issue limiting the engagement of Indigenous people in mainstream employment. 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.

Argyle Diamonds is still very interested in looking at a child care program on the mine site to address female participation and the company will undertake research and budgeting to look at ways in which they can establish six hourly employment shifts in the area of camp and site accommodation management, rehabilitation and civil home maintenance programs. Argyle Diamonds is currently undertaking a feasibility study.

Programs that work – Century Zinifex Mine, Queensland

In the research work undertaken by CSRM in the Century Zinifex mine at Normanton, it was highlighted that face to face video conferencing assists workers to address family issues while they are happening. It enables them to continue to be on site for work while also being able to deal with family problems in an effective way. The alternative is that employees that are away from family feel a pull back to their community and often they leave site and work in difficult circumstances and then find it very difficult to return. Video conferencing has helped cut down some of these issues where it has been implemented.

What is Needed?

As highlighted, Rio Tinto continues to spend money on family support services for a large number of their employees that work away from the family. Greater investment is needed in two way video conferencing, so that workers can see family members face to face in times of crisis. Government could support family management plans alongside industry to assist with employee retention and community harmony in remote and regional locations. Increased family support may also help boost Indigenous employment in some locations, particularly investment in regional and remote childcare options which may provide more opportunities for mothers to work on site.

3.7 Housing & Infrastructure

Key issues

- The housing crisis in regional and remote communities, and in particular the lack of affordable housing close to mining operations, is a major impediment to Indigenous employment and economic development outcomes.
- Effective housing policies are needed which establish the right incentives and conditions for people to enter full-time employment and transition into private rental accommodation and home ownership.

Perhaps the biggest issue for regional and remote communities is the lack of housing. This issue alone contributes very significantly to problems in attracting and retaining staff at operations. Regional and remote Indigenous communities are experiencing a housing crisis. Overcrowding is common and is having a severe impact on child safety, general health, living conditions and employment capability. Some locations around Rio Tinto operations in Yirrkala, Napranum and Jabiru are of pressing concern and the lack of housing at these sites is having considerable impact on the ability to attract and retain capable staff for the area. Some of the Rio Tinto operations provide housing for the workforce but there is still considerable strain on the current housing infrastructure, particularly in Western Australia.

Extremely high construction costs associated with transport of materials and cyclone-proof building requirements have meant that to build a house in remote or regional Western Australia costs almost double what it would cost in metropolitan Australia. In Gove, companies have been transporting shipping containers to use as mining accommodation for the huge influx of employees to the region. In Karratha and Newman, caravan parks are full using a similar set-up of temporary cabins. Although these solve the short-term accommodation problems, they are not long-term solutions and the buildings are not cyclone proof. Eco huts have been used by Fortescue Metal Group and BHP Billiton as a convenient and environmentally friendly way to house employees but these are also not fit for cyclone-prone areas. Government needs to be aware of just how crowded these regional towns are, particularly those near mining operations. For existing and resident Indigenous population, this compounds problems they are already facing and locks them out of the housing market, particularly if they are not associated with their region's mining operation.

Although Indigenous home ownership is increasing, overcrowding in Indigenous homes in remote locations is still common and this presents other challenges because workers are unable to get a good night's sleep before their shift if their homes are overcrowded. In other locations on site this is not an issue; for example, people find the two in two out room share arrangements in on-site accommodation very suitable as it enables them to sleep and work efficiently.

Housing responsibility education has presented itself as a new problem with Indigenous home ownership being on the rise. With issues such as amateur plumbing and repairs causing existing houses to be condemned or unlivable, more awareness needs to be created among community about the responsibilities entailed in owning a home and the upkeep of the property to ensure existing infrastructure is looked after and available for continued use. A side issue to this is the sometimes inappropriate housing designs and quality of housing construction in regional and remote Indigenous communities. Little inspection is undertaken in remote areas, leading to inferior construction and product delivery and quality.

In Western Australia housing policies have been a major impediment to employment. For example, prospective job seekers were reluctant to undertake employment in regional or remote locations for fear that they would lose their house and the thought that their cost of rent would rise proportionate to their income. The issue of salaries keeping up with the cost of living and accommodation in regional and remote locations is a continuing issue, as rents in areas like the Pilbara have exploded to \$2,500 a week in some locations. Some companies are capping local rents or subsidising employee rents to solve this problem but these solutions are unsustainable in the long term.

Programs that work – HomesWest

To facilitate the implementation of Regional Partnership Agreements in Western Australia, in 2007 the Western Australian government made a significant change to housing policy, which had previously diminished incentives for Indigenous people to gain full-time employment in the mining industry.

The change in policy has given Indigenous people extended access to public HomesWest housing for up to two years after commencing paid employment. In the past, tenants were required to move out within six months of gaining employment, leaving a very small window for them to settle into their new jobs and find private accommodation, particularly in areas where housing is limited and/or expensive.

In addition, the policy included provision for some support to eligible people to buy or build their own home, to ensure that an increase in income translated into permanent housing quickly. However, it is not clear at this stage yet how effectively these processes have been implemented.

What is Needed?

The recommendations are a requirement for growth investment in housing to address barriers to employment, including overcrowding and health problems. Locations close to areas with high employment opportunities require more infrastructure investment from government to meet demand for accommodation. It is crucial to develop these locations to ensure there is a steady flow of labour for these areas and the operations located there. It would also assist people who are relocating to these regions for work purposes to secure affordable and appropriate housing.

3.8 Employment Services

Key issues

- CDEP programs do not effectively prepare people for employment in the mining industry – CDEP participants continue to lack skills necessary for mining jobs
- There is a need to grow the pool of skilled employees to prevent ‘cherry picking’ by other companies
- Job networks do not perform well in remote communities where there are few employers or employment opportunities
- Remote Indigenous communities lack access to employment opportunities, new models could be developed incorporating fly in, fly out arrangements to allow remote people to access employment in regional centers.

Although employment services are offered in regional and remote Australia, they often lack alignment with the training sector. Employment services in remote Australia require a new model for change, and existing funding models could be developed more creatively to provide job opportunities.

CDEP Barriers

Despite the demand for employees in the mining industry, there are still many people remaining in CDEP, particularly in regional communities. 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 region.

In the East Kimberley region near the Argyle Diamond mine, the available Indigenous workforce comprises 1,415 people: of these, 678 people are employed (and this figure includes CDEP participants); a further 621 people are not classed as being part of the labour force; while 77 others did not report their status.¹⁴ 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 nine dependents, as against non-Indigenous employees supporting 0.5 dependents.¹⁵ At present, CDEP programs are under resourced to provide real training to prepare people for mainstream employment. This is an example of Argyle actively pursuing a local Indigenous employment strategy. The company has to draw on the small pool of already employed people, resulting in ‘cherry picking’.

The changes in CDEP being driven by DEEWR 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.

Rio Tinto believes that a labour hire/stepping stone to employment works well and there is a model being developed that could be put in place. This model requires a business approach

¹⁴ ABS Census Data 2006, Wyndham – East Kimberley Local Government Area 2006 Census Table, ‘Labour Force by Status by Age & by Sex for Indigenous Persons- Aged 15 years and over’, www.censusdata.gov.au, accessed 22nd May 2008.

¹⁵ ABS Census data 2001

such as 'no work, no pay' and an increased commitment to reach locally based contracts from government, local government and companies committing to Indigenous business and employment outcomes. This moves the focus to local solutions so that housing maintenance, water and power services, and general infrastructure services look to locally based people to care and maintain their country and community. The model would be interlinked with local job opportunities and employment outcomes.

Job Network Provider Barriers

It has been the experience of Rio Tinto that competition in the job labour market presents some challenges for regions with a small labour market. In these small labour markets Job Networks are forced to compete for a limited number of jobs. This barrier still exists in Warmun community where residents on CDEP are managed by a job network in Kununurra. These candidates can be breached (that is, denied their Centrelink payment) because they don't present for interviews that are two hours' drive away from their place of residence. These candidates are potentially able to move out of CDEP onto a job program; however the job programs are being run directly by Rio Tinto and Argyle Diamonds. Although the job network provider usually has the role of managing candidates there is some confusion as to who looks after the CDEP candidates when they apply through a private job program.

Employment Access & Initiatives

For some Rio Tinto operations, local employment is still difficult due to travel and the distance between the site and local communities. For example, to increase Indigenous employment outcomes in the West Arnhem Land, a Fly In Fly Out (FIFO) program could be operated by the company in order to offer employment opportunities to local people or communities close to operations. The Maningrida and Oenpelli communities are two locations where ERA could run programs for the purposes of increasing its Indigenous employment. In the event that the company was to run a FIFO program, these employees would require support for financial literacy and job readiness training. There is also the issue that such a program could potentially take skilled people out of their communities and this could lead to a deficit in the local community capacity. This would require succession planning and research into processes available for this level of employment support.

Programs that work – incentive-based employment service provision

The following are examples of rewards and penalties systems currently working for the employment services sector:

- Best-practice land use agreements for resource companies have targets and rewards for the company and penalties if they do not meet their targets for locally based employment. There are mutual obligation clauses which require local Traditional owners to promote education and support their children to be in school so that they can take up employment in the mining or gas company. These have driven new behaviours in employers focusing on their contractual obligations and developing this through to their management key performance rewards.
- STEP programs reward employers for meeting their agreed targets and their contract obligations – the longer the job outcome, the better the income stream to support Indigenous employment outcomes.

What is Needed?

Rio Tinto would like to develop these creative employment models and explore government funding support available for a FIFO model as suggested. Such models have the capacity to significantly increase Indigenous employment at certain operations. Rio Tinto requires feedback and information from government regarding the level of support that would be available from the government side to assist with these types of programs. Rio Tinto would like to develop creative funding models for Indigenous employment in partnership with government and explore more opportunities for remote communities that could result from a FIFO employment model.

3.9 Business Services

Key Issues

- There is significant potential for Indigenous business development in regions where extensive mining and infrastructure activity is occurring
- There is no streamlined means by which Indigenous businesses in regional and remote locations can grow and access sufficient information in a timely manner to respond to demand
- Financial literacy, money management and financial knowledge are a vital but missing link in Indigenous business preparedness for growth
- Dedicated Indigenous business enterprise centres in regional and remote locations could provide a readily available access point into resources, mentoring and training in business development.

Developing Business Opportunity

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 limited.¹⁶ In a previous submission to the House of Representatives in 1998 and again in 2005 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.

A number of factors limit the capacity of Indigenous people to engage in economic activity in their regions. In particular, Indigenous enterprises have limited access to market information and financing; they lack management skills and production expertise; they have no platform for influencing the policy and regulatory environment; they may face challenges in meeting safety or quality requirements; and may be unable to scale up quickly in response to demand.

¹⁶ Rio Tinto Limited, 'Submission to the Enquiry into Indigenous Business', 1998

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.

There are plenty of opportunities to emerge for business development in regional locations but results are slow. Improved governance and support for training and financial literacy are required. There are no dedicated Indigenous business enterprise centres, and enterprise development agencies such as Indigenous Business Australia are often slow and overwhelmed with proposals. There doesn't seem to be a readily available access point for Indigenous people to resources, mentoring and training in business development. Also evident is the need to assist people with tendering quotations and cost management. This requires a confidential area for people to work in, and staff capability to develop existing businesses that need advice on expansion and growth. Rio Tinto would also like to highlight that existing businesses in operation are stagnated because they don't have the experience or the capacity to call on a locally based organisation for advice or development assistance.

Financial Literacy and Capacity Building

In order to build capability in business management, Indigenous communities require programs that aim to improve financial literacy, money management and financial knowledge. This requires Commonwealth, State and Territory governments to work with Indigenous organisations, and the finance and banking sector to develop appropriate teaching tools.

Financial literacy would be useful to a number of different groups in regional and remote locations. The increase in Indigenous home ownership highlights that people buying their first home may benefit from information regarding servicing a home loan and house running costs. Additionally, financial literacy would assist with growing Indigenous business capability in these locations, as well as assisting families to budget and plan their income whether it is high or low. It is particularly an issue for people moving from unemployment or CDEP benefits to quite high mine site salaries.

Programs that work – Rio Tinto Business Development Initiatives

Each of Rio Tinto's group companies have implemented or contributed to a range of programs aimed at enhancing Indigenous business development alongside their operations. However, while the outcomes of these programs have been positive, they have taken considerable time and commitment. For the potential for business growth in the regions to be fully realised, investment of a much higher order needs also to come from the government sector.

Argyle Diamonds – Sling Air Joint Venture

Sling Air is a joint venture tourism operation between Argyle Diamonds and Traditional Owners of the East Kimberley, and an example of assisting people to establish viable businesses beyond mining. This venture is part of Argyle Diamonds' broader business development strategy, which includes the establishment of a dedicated business development staff member within the company and a relationship committee that works to foster a regional business development support network. However because there has not been additional support in the region, progress and new business ideas have been slow to realise.

Rio Tinto Alcan – YNOTs Training Company

YBE- Nabalco Operating Training School (YNOTS) is an Indigenous training company and a partnership venture between YBE, an Aboriginal contractor business, and Rio Tinto Alcan. Based in north-east Arnhem Land, YNOTS provides training in operating mining and earthmoving equipment, office administration and workplace skills such as literacy, numeracy, safety and communications. Participants of the program receive technical and industry-specific training in mining which allows them to work anywhere in Australia. The program hopes to gear employees with transferable skills to access jobs of a higher capability so their careers do not remain at the entry level. Since YNOTS was established in 2001, more than 20 people each year have successfully completed the course and gained nationally recognised certificates. YNOTS is accredited by the Northern Territory Employment and Training Authority.

The First Australians for Business Program

Rio Tinto has sponsored the First Australians for Business (FAB) program, which has started to achieve some success. FAB is a national one-to-one mentoring program for Indigenous business people. Through support in knowledge and expertise from corporate Australia, FAB assists Indigenous people to initiate, develop and maintain economically viable and culturally appropriate businesses. However, this program is not readily available in all regions, and the ongoing success of business requires effective local training and mentors.

The Indigenous Stock Exchange

Rio Tinto has actively supported the development of the Indigenous Stock Exchange network to increase Indigenous access to business knowledge and expertise. The ISX is an innovation that encourages people to invest in social and business enterprises. It has been very effective in identifying business opportunities in communities by working with the permission of elders of the community, supporting existing Indigenous organisations within the community, and communicating through trusted Indigenous community leaders. All community trading floors involve extensive community consultation starting from the elders and moving to the grass roots of the community.

What is Needed?

Regional centres need to increase the preparedness for Indigenous business growth in the region. This may be offered through existing state-based small business enterprise centers to utilise existing infrastructure. The development of Aboriginal Business Enterprise Centres (ABECs) would offer much-needed local business development capability to regional and remote areas where significant opportunities already exist. These centres would be responsible for stimulating growth and financial opportunities for existing Indigenous business while educating and assisting with the development of new businesses.

Rio Tinto is currently preparing an ABEC model for proposal for the Pilbara region in Western Australia. This would involve an office of skilled people to assist in stimulating new and existing business growth for the region. The centre would be governed by board of local entrepreneurs and 'change-makers' who could assist in developing business opportunities and markets to encourage local business growth.

3.10. Intergenerational Wealth

Key issues

- Tax effective accumulation of funds in Aboriginal trusts established through mining projects is essential to building intergenerational wealth
- Current Australian Tax policy puts Aboriginal Trusts at a disadvantage and limits the extent to which future generations can share in the wealth created through mining
- Aboriginal trusts require a range of training to ensure investments are managed effectively for all Traditional Owners to add long-term value.

Since the early 1990s Rio Tinto has been leading best practice in the establishment of Aboriginal trusts and economic development models to create intergenerational wealth for Indigenous communities. The establishment of these trusts is linked with agreements which form the basis of the ongoing relationships between companies and communities. The trust corpus is provided by the company, and it generates income for distribution as grants which benefit local Indigenous communities.

A substantial portion of the cash flows under Rio Tinto agreements are directed into capital accumulating funds, or sustainability funds. The funds are carefully structured to ensure the corpus at end of mine life is sufficient to yield an income at least equal to the income received during the mine life, while preserving the capital base in real terms. The goal is a capital asset which is maintained in perpetuity.

Sustainability funds are one of the key means by which intergenerational equity is addressed in mining agreements. The goal is for future generations to share in the wealth created from mining. These funds can support investments by Indigenous people in regional development. This has the potential to reduce reliance on welfare and to give Indigenous people the opportunity to invest in enterprises which provide goods, services and infrastructure in remote areas.

Thus current Rio Tinto arrangements for trusts mean that they are designed for long-term funding of locally, community driven and based projects and to ensure future generations benefit from the wealth of the mining boom after mining operations have ceased. Projects include but are not limited to health care, youth pathways, adult literacy, scholarships and business development. Trusts are overseen by independent representative trustees who are in control of dispersing the funds to ensure their long term value to the Traditional Owner group.

Charitable trusts are currently seen as the most suitable vehicle for sustainability funds, as they provide relatively well understood governance requirements, custodial protection and tax treatment conducive to accumulation. The management of the funds through trusts also provides the opportunity for direct capacity building in governance and financial management to the trustees, and to the communities who ultimately control them.

However, Aboriginal Trusts currently face a dilemma associated with Australian tax policy, which is in direct conflict with the sustainable regional development goals upon which these trusts are based. Current tax regulations imposed on charitable trusts do not allow tax effective accumulation beyond 10 to 12 years. After that time the tax rate significantly increases thereby diminishing the investment. This deters Indigenous Australians from building long-term capital for investment in their own future growth and regional development. It puts Aboriginal trusts at a disadvantage as it limits their capacity to grow

wealth and plan for future generations. The regulations also place the higher tax premiums on the next generation of community members who inherit the trust and investment.

There are a growing number of mining projects across Australia where mine life is expected to be longer than the currently allowed tax effective accumulation period. In these cases, there will be strong tax disincentive against the accumulation of intergenerational funds as a result of these projects.

Training is a second major issue in the management of trusts. Successful trusts models like that set up in the East Kimberley operate with representative trustees. This new arrangement has seen a demand in the need for training to ensure such representatives have the capability to effectively utilise funds and manage large amounts of money over a long periods of time. This includes financial training to assist them to make good investment decisions, and governance training to build trustees' capacity to represent diverse family groups. Please see the following section for more information on governance-related issues.

Programs that work - Gelganyem Trust

Gelganyem Trust

The Gelganyem Trust is a perpetual charitable trust which was set up under the Argyle Diamond's Participation Agreement in 2005. The agreement took into account lessons from previous agreements and has been held up as one of the better land use agreements established in recent times. The agreement sought to find a fairer way of sharing the benefits of mining wealth and operations in the East Kimberley region. Gelganyem Trust was established through a culturally-driven decision-making process and aims to benefits all Traditional Owners.

The Trust receives payments twice a year and has four funds established around sustainability, law and culture, education and training and the Miriwung and Gidga Partnership Fund. The bulk of payments are received by the Sustainability Fund. The trust is managed by trustees representing the whole Traditional Owner group and is regulated by strong rules and processes.

After an application process for the Sustainability Fund to become exempt from income tax under the Native Title Act, Gelganyem Trust was approved for an exemption. This exemption allows the Sustainability Fund to grow its investment and create a resource that can be used by the community beyond the life of Argyle mine and fulfill its intended purposes.

This trust model highlights the need to systematically address tax arrangements for Aboriginal Trusts to ensure they have enduring value for generations after mining operations have ceased in their region.

What is Needed?

Government needs to review and consider current tax arrangement for Aboriginal Trusts and explore opportunities to maximise the distribution and long-term accumulation of mining wealth within Indigenous communities. Tax concessions do exist to encourage long-term accumulation of funds, however no such exemptions exist for Aboriginal trusts. These tax exemptions need further exploration.

In addition there is a strong need for provision of a range of training to Aboriginal trustees and Traditional Owner groups: this will ensure capability to manage long-term investments and good governance so that community aspirations are appropriately represented through Aboriginal trusts.

3.11 Governance & Capacity Building

Key issues

- Governance training is required for all Indigenous community groups, particularly those receiving benefits through relationships with resource companies
- A better process is required for rolling out governance training throughout regions to include all Indigenous groups operating trusts and managing community funds and assets.

As outlined in the previous section, Rio Tinto has played a key role in the resource sector in the establishment of charitable trusts as part of compensation agreements with Traditional Owners. The increasing use of Indigenous Land Use Agreements (ILUAs), land use negotiation and compensation/land disturbance payments has propelled the need for governance support in remote and regional Indigenous communities. This is more severely felt within Traditional Owner groups with land occupied by mining operations. These groups often have significant responsibility in managing trusts and compensation payments.

Building governance capability in deciding and planning for how community funds should be distributed is a key requirement to ensuring the long-term, sustainable development of Indigenous communities. This can be achieved through provision of culturally appropriate governance training which focuses on not just current but also future capability, so that the next generation is able to take over management of trusts and sustain their contributions to local community development.

Programs that work – the Marnda Mia CNC

The establishment of the Marnda Mia Central Negotiating Committee (MMCNC) provides a good example of building regional capacity through a strong Indigenous governance model. Traditional Owners of the Pilbara requested the assistance of Rio Tinto Iron Ore (RTIO) in establishing an independent company which could build prosperity and allow them to maintain their traditions for future generations. Following extensive consultations, the Marnda Mia CNC Pty Ltd was established in 2006 to represent the regional interests of the 10 Pilbara Traditional Owners impacted by RTIO's operations.

This new institution is building capacity for service provision in the region and directly assisting in negotiating a regional framework agreement with RTIO on education and training, employment, business development, cultural heritage and environmental land management. It will be funded by RTIO for its first two years of operation (until the end of 2008) and has provided the 10 Traditional Owner group representatives with governance training.

What is Needed?

Although the Office of the Registrar of Aboriginal and Torres Strait Islander Corporations has developed a good certificate course in Governance, this needs to be scaled up and a better process established for rolling out governance training throughout regions to include all groups operating trusts and managing community funds and assets.

3.12 Government Sector Services

Key issues

- Better communication about government programs and services is needed to link in with community and industry-driven initiatives
- Short-term, 'revolving' government placements in communities prevent long-term investments and relationship-building, and effective measurement of community progress
- Greater inter- and intra-governmental coordination of programs, and better skilled, more knowledgeable staff are needed to minimise disorientation and maximise long-term progress in regional and remote communities
- Only collaborative responses through strong partnership models between government, employers and communities can achieve real and lasting change across regions and issues.

Generally, the feedback on government sector services is that there is a lack of coordination, consistency and continuity of programs and policies in regional and remote Australia. A recent publication entitled *Beyond Humbug* by Michael Dillon and Neil Westbury supports this notion:

The plethora of niche programs (each with their own application assessment process, reporting...requirements and ministerial media opportunities) and the non committant silo mentality...confuses Canberra insiders (while) the real confounding disorientation impacts on each bush community¹⁷

It is not simply inter- and intra-governmental program coordination which impede progress, but also the extent to which these programs are leveraged through linkages with community and industry-driven initiatives. For example, Regional Partnership Agreement working groups seek to better harness government programs in their region, but there is a lack of awareness and communication from government about what relevant services exist and how they can be leveraged. This issue is reflected in the distinct absence of government representatives at RPA meetings where industry and community groups are present. This may be because these representatives do not know the meetings are scheduled, or face distance and time constraints associated with travel.

This highlights the need for more collaborative, regional or place-based responses to service delivery in regional and remote Australia. Individually it is impossible for mining companies or government service providers at a State or Territory level to achieve real and lasting change towards 'closing the gap'. All parties must work together with Indigenous communities to engage them in the mainstream economy and ensure the appropriate operation and governance of institutions to deliver the services they require. This requires government to invest at least three to five years in regional service provision, and to institute appropriate accountability mechanisms including KPIs and local reporting structures to ensure progress is made.

¹⁷ Dillon, M. & Westbury, N. 'Beyond Humbug: Transforming Government Engagement with Australia', Seaview Press, West Lakes, 2007, p. 191

Professor Marcia Langton, Foundation Chair of Indigenous Studies at the University of Melbourne, recently acknowledged the value of such a collaborative approach with reference to recent COAG-announced reforms on Indigenous Affairs arrangements, which seek to:

*...enable the States to deploy Commonwealth specific purpose payments (SPPs) more effectively and creatively, enhance public accountability and sharpen the incentives for reform through new National Partnership (NP) agreements.*¹⁸

Cumbersome Service Provision

Indigenous Coordination Centres (ICCs) have been responsible for much of government service delivery in regional and remote communities around Australia. They have the potential to facilitate better regionally focused service delivery, but this potential is not being met at present. Currently these centres are slow to implement programs and deliver services, and the 'solution brokers' who work through the ICC structure have not always proven to be effective, except in regions where there has been a focus on regional partnerships arrangements outlined above.

A recent review of ICCs also revealed some of the burdens these offices are bearing. These include frustration around the process for allocating grants, which focuses more on 'rigid compliance' than achieving community outcomes, and concern about staff skill shortages which continue to limit their ability to operate effectively.¹⁹

Personnel and Staff Capability

It has been said that programs are only as good as the people who operate them.²⁰ Many of the government service providers operating in regional and remote Australia are lacking skilled, capable and hands-on staff who can recognise and develop opportunities as they emerge. It is also important to note that neither university nor industry is able effectively to supply a stream of community professionals with the appropriate skills.²¹ Westbury and Dillon highlight that this feature of the government system contributes to organisational failure 'by not ensuring and maintaining sustainable investments in measures to improve Indigenous governance capacity, through poor support for the recruitment of suitable skilled personnel'.²²

The 'revolving door' of public servants placed in short-term positions in regional and remote communities is a significant issue that inhibits government capability on the ground. This has ramifications every 12 months when new staff arrive and the community has to readjust to new policies, a new person and a new relationship. The short-term placement of government staff also affects local and government capability to measure change in the

¹⁸ Cited in Langton, M. 'Poverty in the midst of plenty: using the new federal approach to overcome Indigenous disadvantage in Australia', New Agenda for Prosperity: 2008 Economic and Social Outlook Conference, 27 March 2008

¹⁹ FaHCSIA, 'A Red Tape Evaluation in Selected Indigenous Communities: Final Report for the OIPC'. Morgan Disney Associates Pty. Ltd., Canberra, May 2006, pp. 45–46.

²⁰ Harvey, B. & Brereton, D. 'Emerging Models of Community Engagement in the Australian Minerals Industry, 2005, p. 17

²¹ Ibid.

²² Dillon & Westbury, op. cit., p. 190

community because there is no reference point that can be established by staff. The chain is always changing and therefore it is difficult to effectively report and measure community progress.

It is important that government services staff have time to understand and build local relationships: two years is usually the longest time period that staff remain in a regional or remote location, and this is not long enough. If there is a substantial changeover of staff, it may be up to eight months before the role is filled substantively, plus another six months before the person is able to engage in program implementation. Indeed, it takes up to six months alone before a person can be known and begin to be trusted by a community. In addition there are limitations of access to many communities during the wet season. As a result, often just as there is real traction and capability demonstrated by a government representative they are moved out of a region. The resident communities and major employers such as Rio Tinto who have invested significantly in that relationship must start a new process of induction.

Programs that work – the Regional Partnership Framework

Regional Partnership Agreements have been established in eight mining regions across Australia through a Memorandum of Understanding (MoU) between the Australian Government and the Minerals Council of Australia. These agreements have been successful in establishing working relationships and linkages between federal, state and local governments, Indigenous community organisations and industry within mining regions to facilitate employment and business development outcomes for Indigenous people. They have been particularly effective in bringing industry players into a pre-competitive space to work together to achieve mutual employment objectives.

The key principles of Regional Partnerships are as follows:

- Respect for culture, customs and values
- Collaboration and partnership between member companies, Indigenous people and government at all levels
- Share vision, goals and commitment
- Develop commitment by signing a Regional Partnership Agreement that commits parties for five years
- Local solutions to local issues – reaching common ground.

In January 2008, the Desert Knowledge Cooperative Research Centre completed an evaluation of the initial rollout phase of the MoU between the MCA and the Australian Government. Among its findings through consultations with parties involved in the RPA process was that it “provided a collaborative approach with firm foundations in community engagement and community development”. There was widespread agreement from stakeholders about the importance of the RPA in adding value to their industry, business, organisation, community and region. Most of all, the evaluation highlighted the importance of identifying

...a high level of common ground in terms of a desire for greater equity for Aboriginal people, stronger and more sustainable regional economies, and a benefit to the private and community sectors through improved Aboriginal employment levels.

This shared vision was noted as a “powerful facilitator that guided decisions and actions in delivering long-term benefits” through the RPA for Indigenous people.²³

Rio Tinto Iron Ore – Ashburton/Roebourne RPA & MoU with WA government

The Ashburton/Roebourne RPA focuses on increasing employment and improving economic development outcomes for Indigenous people. The agreement commits parties to employment and business development outcomes through education and training, pre-employment and mentoring programs.

The agreement also includes commitments towards a range of support programs, including supporting Indigenous job seekers to obtain driver’s licences, increasing the availability of childcare facilities, providing drug and alcohol support services, and introducing a project aimed to assist young Indigenous people who have been involved with the criminal justice system.

In addition to being a signatory to the Ashburton/Roebourne RPA, in November 2007 Rio Tinto Iron Ore signed a landmark MoU with the WA government which builds upon the Eastern Guruma Indigenous Land Use Agreement to deliver up to 300 new jobs to Indigenous people in the Pilbara.

The MoU sets out a joint approach to employment and enterprise development. The agreement will identify up to 300 new Indigenous workers from the Pilbara and elsewhere to join RTIO’s operations in a range of occupations by 2010. Rio Tinto and the Department of Industry Resources will collaborate on pre-employment and job-based training programs to ensure recruits are job-ready and properly supported once they start.

The agreement also commits to establishing contracting opportunities between RTIO and Indigenous-owned businesses, as well as enabling an Indigenous-owned mine rehabilitation enterprise that acknowledges the Traditional Owners’ strong interest in the remediation of their land as mine closures occur.

What is Needed?

Government needs to review the ways in which it attracts and retains government staff in regional and remote locations, either through better incentives or through investment in local infrastructure to improve quality of life and lifestyle options in these locations. Communication lines must be established to ensure that linkages can occur across regions, between community and industry-driven initiatives and government programs and services.

Most importantly, collaborative, regional or place-based responses to service delivery in regional and remote Australia through strong partnership models are the only way to leverage service delivery and quickly ‘close the gap’ on Indigenous disadvantage in regional and remote Australia. Government must invest three to five years at a minimum in regional service provision and institute appropriate mechanisms, including KPIs and local reporting structures, to ensure adequate progress is made.

²³ Desert Knowledge Cooperative Research Centre, ‘The Minerals Council of Australia and Australian Government Memorandum of Understanding on Indigenous Employment and Enterprise Facilitation: Evaluation of the Initial Roll-Out Phase’, Alice Springs, January 2008

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4. Conclusion

The current market provides an opportunity for Indigenous people close to mining operations to participate in the mainstream economy. Rio Tinto is committed to local employment and increasing the levels of participation of Indigenous young people across the Australian operations.

The demand for employees continues to grow yet beside Rio Tinto operations people continue to live in poverty, in crowded housing, with limited levels of literacy, high levels of dependency on alcohol and drugs, and with severe health problems, all of which prevent active participation in employment.

Rio Tinto cannot tackle these issues alone. It requires innovative partnerships with local Indigenous people actively engaged in addressing these problems with appropriate and long term investment in services by the Australian Government.

The Northern Territory Intervention has demonstrated the capability of the Australian Government to work collaboratively across its Departmental silos to deliver solutions that address local people's needs. The place based approach to investment in Indigenous communities appears to be working. Rio Tinto supports this approach and wants to expand on the partnerships it has already developed with the Australian Government which have demonstrated real change in direct employment.

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