

WORKING IN PARTNERSHIP

THE MINING INDUSTRY AND INDIGENOUS COMMUNITIES



Australian Government
Indigenous Business Australia



INDIGENOUS BUSINESS AUSTRALIA

Indigenous Business Australia (IBA) is a successor to the former Aboriginal and Torres Strait Islander Development Corporation (CDC). It was established in 2001 as a way of recognising the importance of business development for the economic independence of Aboriginal and Torres Strait Islander peoples.

Its role is to assist and enhance Indigenous self-management and economic self-sufficiency by advancing Indigenous commercial and economic interests. With an operating capital base of about \$600 million it initiates partnerships between Indigenous people and corporate Australia, investing in a range of industries including mining and tourism, mainly through joint ventures with industry partners and Indigenous communities.

IBAs core Equity and Investments programme receives no recurrent government funding. Rather, it is required to act commercially in meeting functional responsibilities and running costs from the profits it derives through sound investments.

IBA is currently involved in almost 30 significant investments of which 25 are located in rural and remote Australia. These are worth about \$120 million of which 14 have existing Indigenous partners. IBA invests in different ways:

- Equity holding—we believe we can influence the way a company relates to Indigenous Australians by taking an equity holding and a position on its Board.

- Joint ventures—are involved in some of the most successful economic ventures with Indigenous Australians.
- Strategic partnerships—are of growing interest to IBA, as no-cost or low-cost strategic partnerships for mutual benefit, established with individual companies or representative bodies, can increase awareness of Indigenous issues and promote positive responses to opportunities.

Using these different kinds of investment, IBA seeks to maximise on-the-ground outcomes for Indigenous people. Frequently, the benefits of IBA investments also extend to the local community.

SKILLS TRANSFER

In pursuing Indigenous involvement in business, IBA must ensure effective skills transfer; in the management of joint ventures we must maximise the effectiveness of Indigenous participation. Indigenous communities are often represented at the board level of the joint ventures in which they participate.

PROFIT DISTRIBUTION

Successful businesses distribute profits to shareholders in an orderly way. Communities use such distributions (or equivalents) for a range of activities—IBA encourages them to invest in local economic development initiatives. Profit distribution also allows communities to progressively acquire IBA's equity in particular joint ventures.

In this way, community groups can seek either to own the business outright or to purchase all of IBA's equity and maintain an equal partnership with a non-Indigenous partner.



SHIPPING JOINT VENTURE

Carpentaria Shipping Services (CSS) is a joint venture between IBA's subsidiary company, CDC Nominees (McArthur River Shipping) Pty Limited, MAWA Riinbi Pty Limited (representing the four main language groups in the region—the Yanyuwa, Mara, Gurdanji and the Garrawa) and P&O Maritime Services.

The business ships zinc/lead concentrate mined from the McArthur River mine, which in turn is a joint venture between Mt Isa Mines (70 per cent) and ANT Minerals, a consortium of leading Japanese companies (30 per cent).

The mine concentrate is transported by road to a storage and bulk carrier load-out facility at Bing Bong on the east Gulf coast. From there a purpose-built bulk carrier, the MV Aburri, transports it to ocean-going vessels anchored 30km offshore for dispatch to overseas smelters. In 2006/07 the company shipped 327,062 tonnes of zinc/lead concentrate.

IBA's investment in CSS provides a commercial rate of return and is an important component of the IBA portfolio. This joint venture is also a significant opportunity for the local Aboriginal community to participate in and influence sensitive activities occurring on their traditional land. In addition it provides employment and training opportunities to the local community.



SPECIAL FEATURES

- **The Bing Bong storage and load-out facilities were designed to prevent the loss of concentrate into the environment. All conveyors transferring McArthur River product, including those on the bulk carrier, are fully enclosed and include sophisticated control and monitoring systems.**
- **The MV Aburri is a special-purpose 4000 tonne self-propelled and self-discharging bulk carrier, which was a prototype when commissioned.**
- **A channel provides access for the MV Aburri through the shallow waters of the Gulf. The first portion of the channel contains the turnaround or 'swing basin'.**

MINING JOINT VENTURES

IBA's efforts in the mining sector provides training and ultimately jobs for Aboriginal and Torres Strait Islanders living in rural and remote communities.

Ngarda Civil and Mining (Ngarda) is a contract-mining business located in Port Hedland in the remote Pilbara region of Western Australia. Ngarda target's an Aboriginal employment ratio of more than 85 per cent.

In its first months of operation the company secured contracts worth \$9.2m for work over five years. Current contracts are held with BHP Billiton and Robe River resulting in the employment of up to 118 employees of which more than 100 are local Indigenous people.

This is an employment ratio not seen elsewhere in the Australian mining sector.

Ngarda is half owned by Aboriginal interests and half by contracting firm Leightons Contracting. IBA and the Indigenous Ngarda Ngarli Yarndu Foundation each hold a further 25 per cent.

During the 2006/07 financial year the Joint Venture generated consolidated revenues exceeding \$80 million.

Another significant IBA joint venture is Foxleigh Mining in north Queensland which dispatched its first load of coal in March 2000. It is 60 per cent owned by CAML Resources, a private Queensland company in a joint venture that includes the nearby Cockatoo Creek site.

Foxleigh Mine employs well over 100 people most of whom live in Middlemount about 12kms from the site itself. It operates 24 hours a day six days a week.

Itochu Coal Resources Australia is the investment vehicle through which ICRA Foxleigh Pty Ltd holds a 20.6 per cent interest in Foxleigh, IBA a further 16.4 per cent and Lake Lindsay Investments 3.0 per cent.

While IBA's investment in Foxleigh is commercially sensible, it would not have occurred without firm commitment from its joint venture partners to maximising Indigenous employment and training opportunities with the flow-on effect of encouraging Indigenous groups to participate in contract opportunities.



This commitment takes place in many forms:

- The joint venture participants have developed a \$1.6 million training strategy that outlines specific employment targets and training initiatives to identify and develop pathways to employment.
- The training program focuses on equipping Indigenous people with nationally recognised qualifications in the Black Coal Training packages. There is to be a refocusing on employment and training outcomes over the next 12 months.
- A national Indigenous cadetship was also developed with a scholarship awarded to an Indigenous school leaver to study mining engineering at the University of Queensland.
- To ensure support for the Indigenous training program, employees at the Foxleigh site are required to complete cross-cultural training programs.
- Since initial start up, all contractors have been required to maximise indigenous employment outcomes and to report on results.

These are important developments given that the Foxleigh mine covers 2500 hectares and has an expected life of more than 20 years. The Cockatoo Creek site is about one third the size of Foxleigh and has a 22-year lease issued in 2004.

In 2006/07 an estimated 3.1 million tonnes of coal were mined at Foxleigh with expansion underway to increase that to 4 million tones a year. Production is hauled 26km to the German Creek Mine where the coal is washed and processed under contract. Foxleigh is building its own washplant that should streamline the export process.

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