



**The Guide to Good Practices in Indigenous
Employment, Training & Enterprise
Development (IETED)**

June 2014

Centre for Social Responsibility in Mining
Sustainable Minerals Institute
The University of Queensland, Australia
csrm@smi.uq.edu.au
www.csr.uq.edu.au

Research team

CSRM

Joni Parmenter
Rodger Barnes
Mary Anne Barclay
Diana Arbelaez-Ruiz
Professor Saleem Ali

BG Group

Zoe Carroll
Ramanie Kunanayagam

Report authors

Mary Anne Barclay
Joni Parmenter
Rodger Barnes

Acknowledgements

The research team greatly appreciates the contributions of Brad Maher, Matt Cooke and Bruce Harvey to this Good Practice Guide. We would like to thank them for sharing their experiences and perspectives on good practice in Indigenous employment, training and business development. We would particularly like to thank Brad Maher and Matt Cooke for their generosity in allowing us extensive interview time to develop the QGC Bechtel case study. Finally, many thanks to Bruce Harvey for engaging so generously with us through the peer review process. His guidance and insight are always appreciated.

Centre for Social Responsibility in Mining

SMI CSRM
Centre for Social
Responsibility in Mining

The Centre for Social Responsibility in Mining (CSRM) is a leading research centre, committed to improving the social performance of the resources industry globally.

We are part of the Sustainable Minerals Institute (SMI) at the University of Queensland, one of Australia's premier universities. SMI has a long track record of working to understand and apply the principles of sustainable development within the global resources industry.

At CSRM, our focus is on the social, economic and political challenges that occur when change is brought about by resource extraction and development. We work with companies, communities and governments in mining regions all over the world to improve social performance and deliver better outcomes for companies and communities. Since 2001, we have contributed significantly to industry change through our research, teaching and consulting.

Table of Contents

EXECUTIVE SUMMARY

1. INTRODUCTION	1
2. BUSINESS CASE	3
2.1 Social license to operate	4
2.2 Trends in legislation and agreement making	4
2.3 IETED and resource project financing	6
3. CHALLENGES AND OPPORTUNITIES FOR INDIGENOUS PARTICIPATION	7
3.1 Challenges	7
3.1.1 Characteristics of the oil and gas sectors	7
3.1.2 Indigenous social disadvantage	7
3.1.3 Company structure and behaviours	9
3.2 Opportunities	10
4. WORKING WITH CONTRACTORS	11
4.1 Challenges in achieving alignment	11
4.1.1 Indigenous Participation Plans	11
4.2 Role of the proponent	12
5. SETTING THE CONTEXT FOR IETED	14
5.1 Baseline data	14
5.2 Networking	15
6. EMPLOYMENT	17
6.1 Recruitment	17
6.1.1 Approaches to Recruitment	17
6.1.2 Work Ready Programs	19
6.2 Retention	21
6.2.1 Mentoring	22
6.2.2 Career Development	23
6.2.3 Cultural and Local Awareness Training	25
6.2.4 Organisational support	29
7. ENTERPRISE DEVELOPMENT	30
7.1 Making Indigenous enterprise opportunities accessible	30
7.1.1 Modifying procurement practices for Indigenous SMEs	30
7.1.2 Training and Development needs of Indigenous business	34
7.1.3 Building SME capacity	35
8. PARTNERING ON IETED INITIATIVES	36
8.1 Advantages and disadvantages of partnering	36
8.2 Partnering with government	37
8.3 Partnering with service providers	38
9. MONITORING PERFORMANCE	40
9.1 Indigenous employment and training	40
9.1 Enterprise Development	41
10. THE QGC/ BECHTEL IET COLLABORATION	43
10. REFERENCES	49

Executive summary

Good practice summarised

CHAPTER	KEY MESSAGES	KEY TOOLS/ TECHNIQUES
(2) Business case	<ul style="list-style-type: none"> Compliance with legislative and regulatory requirements, reflecting national diversity, frontier development and indigenous 'territories' agendas. Social license to operate expectations are a leading indicator of legislative developments. Equator Bank financing requirements Regional economic development as a 'societal stabilizer'. 	<ul style="list-style-type: none"> Rigorous analysis and comprehension of sovereign risk, local economic development and socio-political trends. Executive leadership understanding, commitment and support
(3) Challenges and opportunities	<ul style="list-style-type: none"> Overcoming Indigenous social disadvantage Company structures and behaviours can place 'roadblocks' to IETED initiatives Many opportunities lie with contractors 	<ul style="list-style-type: none"> Support quality health and education programs aimed at school children Encourage information exchange and collaboration between different business units Partner with major contractors
(4) Working with contractors	<ul style="list-style-type: none"> Ensure contractor alignment and support them to develop and deliver IETED programs Develop the internal structures to coordinate and deliver IETED 	<ul style="list-style-type: none"> Drive alignment with tier 1 contractors Drive internal alignment across Business Units Set targets for IETED in the head contract
(5) Setting the context for IETED	<ul style="list-style-type: none"> Ground strategy in economic & social baseline data Understand IETED co-lateral effects Alliances to identify opportunities and collaborate Avoid creating or exacerbating social conflicts 	<ul style="list-style-type: none"> Local business surveys Supplier mapping tools Baseline studies ESHIA studies
(6) Employment Recruitment	<ul style="list-style-type: none"> Mainstream recruitment practices are not usually appropriate for Indigenous Peoples Customary behaviours should inform employment strategies Target non work-ready Indigenous youth Set realistic IETED targets 	<ul style="list-style-type: none"> Work Ready programs Align with traditional recruitment practice Work through elders Recruit in groups, not individuals Enlist mature indigenous 'coaches'

Good practice summarised

CHAPTER	KEY MESSAGES	KEY TOOLS/ TECHNIQUES
(6 cont'd) Employment Retention	<ul style="list-style-type: none"> Indigenous employees need support for longer periods than mainstream employees Career development pathways are important Local/cultural awareness training for all employees makes for a supportive workplace Ensure organisational support 	<ul style="list-style-type: none"> Formalise mentoring Map career development options Local/Cultural awareness training Nominate corporate champions Middle management accountability Employ qualified training and liaison officers
(7) Enterprise Development	<ul style="list-style-type: none"> The real opportunities for IETED lie in enterprise development Align with others to build SME capacity Establish a dedicated procurement team to ensure collaboration across business units 	<ul style="list-style-type: none"> Indigenous Participation Plans Modifying contract and procurement process Training and development IFC's SME development Toolkit
(8) Partnering on IETED initiatives	<ul style="list-style-type: none"> The pros and cons of partnering with different organisations need to be carefully considered. Government, contractors and served providers, civil society groups and NGOs are all potential partner Partnering depends on trust 	<ul style="list-style-type: none"> Understand the differences between partners Allocate sufficient resources to the partnership Plan for the end of the partnership
(9) Monitoring Performance	<ul style="list-style-type: none"> All systems, procedures, practices and metrics in relation to IETED should be documented and integrated into a management system 	<ul style="list-style-type: none"> Management systems Local Supplier Development Evaluation Framework

1. Introduction

1.1 Purpose of this document

The purpose of this document is to identify principles and methods of implementing good practice in Indigenous Employment, Training & Enterprise Development (IETED) relevant to the oil and gas sectors. This review is Stage 1 of a broader project to compile a resource kit for BG Group that provides guidance on how to implement good practices in the sector. The resource kit is intended primarily for community relations practitioners, but is expected to form a useful reference guide for senior country managers, contract demand managers and any other staff working in the areas of IETED.

1.2 Methodology

This review synthesises good practices in IETED primarily from CSR's documented experience with – and analysis of – the mining sector in Australia and CSR's work with QGC, BG Group's Australian coal seam gas business. The methodology for this project primarily involved a desktop review of the academic and practitioner literature on IETED, as well as reports from previous CSR projects on IETED. This data was supplemented with personal interviews with employees at QGC and its engineering, procurement and construction contractor, Bechtel.

1.3 Some definitions

Indigenous Peoples

Due to the high level of diversity amongst Indigenous Peoples around the world, there is no universally accepted definition for Indigenous Peoples. Instead, international organisations prefer to highlight particular characteristics of the people they seek to protect. The ILO Convention 169¹ and the United Nations² highlight the following general criteria as partly and/or fully indicative of Indigenous Peoples:

- Self-identify as Indigenous People
- Have a historical connection with pre-colonial and/or pre-settler societies
- Hold a common experience of colonization and oppression
- Occupation of or a strong link to specific territories (increasingly with legal recognition, protection and domestic self-government)
- Distinct social, economic and political systems, decision-making norms, and customary institutions, perhaps in addition to participating in contemporary institutions with their non-Indigenous neighbours
- Have an Indigenous language, culture and beliefs different to that of mainstream society
- Form non-dominant groups of society

¹ International Labour Organisation (ILO) 1989, *Convention 169: indigenous and tribal peoples convention*, viewed 25 February 2014, <http://www.ilo.org/indigenous/Conventions/no169/lang--en/index.htm>.

² United Nations (UN) 2007, *United Nations declaration on the rights of Indigenous peoples: resolution adopted by the General Assembly 61/295*, viewed 25 February 2014, http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf.

- Resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.

Terminology used for Indigenous Peoples differs by country. For example, in Canada 'Aboriginal' Peoples may identify as First Nations, Inuit, or Métis. And while the term 'Indian' is rarely used, some groups still identify as Indian Bands. Each of these groups has a different history and experience of colonization in Canada. 'Aboriginal' is also used in Australia, where 'Traditional Owners' (TOs) signifies Indigenous Peoples with certain rights and responsibilities for caring for specifically defined land. In the United States, Indigenous groups are commonly referred to as Native Americans or by their particular name (e.g. Cherokee, Navajo, etc.). In some Asian and African countries, Indigenous Peoples are referred to as 'tribal populations' (e.g. San peoples in southern Africa, Karen hill tribes in Thailand).

Employment and Enterprise Development

Employment opportunities for Indigenous Peoples can be direct (staff) or indirect through the procurement of good and services from businesses who employ Indigenous people.

Enterprise development can cover a wide range of initiatives from supporting the establishment of Indigenous business through to growing existing linkages in the supply chain. It may be structured in various ways– as a sole proprietorship, a joint venture/partnership with a non-Indigenous company. It may be for profit, or may be for social or cultural purposes.

2. Business Case

IETED programs are now an important aspect of project approvals throughout the world as local communities and their governments demand greater multiplier benefits from resource extraction. At the national level, countries are increasingly imposing laws and regulations that oblige resource companies to fund IETED programs as a condition of permitting. Indigenous communities are no longer disconnected or acting as ‘wards of the state’, they have explicit IETED expectations and an increasing ability to hold their governments and extractive companies to account. Land-connected Indigenous communities, as a function of history, generally do not trust governments and will align with enlightened companies, or alternatively mobilise against them, to force governments to terms.

When developing a business case for IETED programs, the importance of earning the social license to operate cannot be overlooked. Local communities are more likely to support a company’s activities if it is committed to developing programs that are seen as having a direct benefit to the community. Moreover, where resource and land access is competitive, IETED programs can be a source of distinct advantage for resource companies in a bidding process. The key business drivers are summarised in Table 1.

Table 1: Business drivers for IETED

KEY BUSINESS DRIVER	DESCRIPTION
Government regulations	<ul style="list-style-type: none"> • Comply with legislation, agreements, contracts and/or expectations • Satisfy competitive bidding terms for contested resource blocks • Leverage government funding for training programs
Social license to operate	<ul style="list-style-type: none"> • Build local support through activities that will secure broad-based local support in government tendering processes • Addresses local expectations for benefit based on equality of opportunity rather than philanthropy or other forms of welfare • SME development will mitigate risks associated with expectations for direct employment, when such opportunities may be limited • Improves ease of operations (through avoiding blockades, time consuming and costly complaints) • Deliver self-sustaining intergenerational benefits to Indigenous peoples, beyond compensation, avoiding re-emerging dependency and demanding activism
Competitive advantage	<ul style="list-style-type: none"> • Demonstrates company’s ability to deliver economic development through its incorporation of local businesses in the supply chain • Leads to access to new concessions or clients and increased likelihood of winning new government concessions as a result of government contracts • Catalyse a broader based economic cluster that will generate local competitive service and supply, lowering costs over time
Regional Development	<ul style="list-style-type: none"> • Build alliances that influence governments to deliver state-sponsored local education and training programmes and civic infrastructure • Strengthen local capability with cross over into improved local government functionality

Source: Adapted from IFC, 2011³

³ International Finance Corporation (IFC) 2011, *A guide for getting started in local procurement: for companies seeking the benefits of linkages with local SME*, viewed 25 February 2014,

In the past decade, as discussed below, government and finance sector regulation such as IFC requirements for lenders to satisfy the precept of 'Free, prior, informed consent (FPIC)' has become the primary driver for IETED. These formal requirements reflect underlying socio-political trends captured in the phrase 'the social licence to operate'.

2.1 Social license to operate

Resource companies often use the term 'social license to operate' (SLO) to explain why they need to invest in social programs around IETED. This is not a legal concept but it can be difficult for a company to obtain access to land and to operate successfully without gaining the broad-based support of the host community. SLO is defined as the level of acceptance or approval continually granted to a company's projects and operations by the local community and other key stakeholders. This notion that a social license has to be earned continually has important implications for resource companies embarking on IETED initiatives. While setting up these programs can create a social license to operate, this will only be maintained if the programs are successful over the life of the project.

SLO can depend greatly on demonstrated attention to things that are important to local people. For Indigenous peoples this is often epitomised by respect for their cultural heritage. Where attention and respect for cultural heritage is constructively merged with fulfilling government regulatory requirements and expectations for project-related benefits, the positive effects are greatly amplified.

2.2 Trends in legislation and agreement making

While the need for community acceptance of resource development at the local level and the effects of increased global scrutiny has led to the emergence of the SLO concept, in recent years resource-rich nations have been obliged to formally acknowledge this by regulating for increased local and IETED content. It turns out that SLO is a potent political force. Different countries have adopted different approaches – some prefer to legislate to impose terms and conditions on multinational resource companies, others prefer 'softer' forms of regulation and benefit sharing.

One example of legislative approach is Bolivia, where the government has developed a regulatory regime which deals specifically with consultation, participation and compensation requirements for oil and gas operations in Indigenous territories. The 2005 Hydrocarbons Law sets out a detailed process, conducted by the Ministry of Hydrocarbons, to ensure that all Indigenous peoples receive fair compensation for all socio-economic impacts as well as payments for the use of land.

Other countries have sharpened regulatory or approvals processes, generally requiring social considerations be taken into account if project development or expansion is to proceed. In Canada and Australia, for example, governments have sought greater participation from the oil, gas and mining sectors in IETED, based on the belief that private sector engagement is necessary to improving socio-economic outcomes for Indigenous people, especially in remote areas. Rather than adopting the legislative approach, however, Canada and Australia have encouraged the use of benefit sharing agreements directly negotiated between development proponents and land-connected Indigenous Peoples. In Australia, these are termed Indigenous Land Use Agreements (ILUAs) and are supported and regulated within an entire new domain of Australia's land tenure system. Over 20% of Australia's land mass is identified as Indigenous land that is regulated by ILUAs and Native Title legislation. ILUAs, which are made with Traditional Owners (TOs), often include clauses that express commitment to goals and targets for IETED. Table 2 provides some examples from Canada and Australia.

Table 2: Benefit sharing agreements between resource companies and Indigenous People

Country	Parties to Agreement	Description
Northwest Territories, Canada	Diavik Diamond Mines Inc., Rio Tinto and five neighbouring Aboriginal groups	Specific scopes of work (contracts) are embedded in The Benefits-Impacts Agreements with aboriginal authorities within the Diavik sphere of influence. These contracts tend to be very large and are valid for the duration of the mine. In legal terms, they are “ever greened,” which means that, subject to performance, the aboriginal contractor will have the work as long as the mine is in production.
Western Australia, Australia	Rio Tinto Argyle Diamond Mine, and Traditional Owners	Argyle’s policy for local aboriginal content is driven by its mine participation agreement with indigenous owners. The company is obliged under the agreement to notify the business development task force (comprising indigenous owners and company representatives) of its intent to let any contract worth over an agreed amount in a year. In addition, any request for tender over this amount requires the tenderer to demonstrate how it will involve indigenous owner businesses in the contract, how it will employ and/or train indigenous owners, and how it will provide benefits to traditional owners.

Source: Revenue Watch Institute, 2013⁴

In the case of employment and training, Agreements frequently contain commitments to:

- employ a certain number or percentage of TOs in their operations or development projects
- provide work readiness or other training opportunities for TOs
- provide employment for all TOs who successfully complete training programs.

Enterprise development commitments generally involve capacity building in one form or another:

- Provision of specific training on how to manage incomes and banking services. Some TO groups have little business experience and are inexperienced with dealing with cash flow, balance sheets and tendering, amongst many other things.
- Support for new ventures. This may include training in business management, access to commercial loans on just terms or incubation of new TO businesses.
- Governance training. A key component of capacity building concerns governance – especially in the rules and duties of trustees and company directors. This is particularly important in situations where trusts or other structures are put in place to manage the accumulating capital reserves.

⁴ Revenue Watch Institute 2013, *Enhancing the subnational benefits of the oil, gas and mining sectors: local content initiatives*, viewed 25 February 2014, <http://www.revenuewatch.org/publications/fact-sheets/local-content-initiatives-enhancing-subnational-benefits-oil-gas-and-mining>.

2.3 IETED and resource project financing

While a business-driven connection between IETED and resource project financing may not be immediately apparent, recent international and financial agency policy developments have created real links to access to risk-managed finance on favourable terms.

In 2011, the International Finance Corporation (IFC) – the World Bank Group’s private sector lending arm – released a new sustainability framework that included the requirement that resource extraction companies seeking IFC financing demonstrate the Free, Prior Informed Consent (FPIC) of relevant indigenous communities prior to project commencement. In 2012, this requirement was fleshed out in the IFC’s Performance Standard 7, effectively setting a global benchmark for export credit agencies and private banks that commit to the Equator Principles - a voluntary set of standards for identifying and managing social and environmental risk in project financing. Hence, resource development proponents who wish to secure project financing from funding consortia need to demonstrate FPIC when operating on lands and waters that have a demonstrable connection to Indigenous peoples.

While the IFC’s guidance note on Performance Standard 7 explicitly states that it does ‘not contradict the state’s right to develop its resources’, it also acknowledges that a ‘state may have obligations and commitments to ensure that Indigenous Peoples provide their free, prior and informed consent on matters pertaining to the overall development of Indigenous Territories’. Accordingly, before issuing development permits sovereign states are increasingly requiring resource development proponents to demonstrate FPIC.

While much debate continues around the concept and definition of FPIC, essentially there is now a burden of proof on resource developers when operating on or near Indigenous Territories to demonstrate they have the FPIC of the Indigenous inhabitants. With every Indigenous community being unique, the only real way to do this is with a context-specific, formally negotiated agreement. These agreements increasingly contain economic participation clauses, inclusive of direct and indirect employment and enterprise development (see Section 7). These developments, as well as government requirements on IETED, demonstrate clear linkages to IFI project financing.

3. Challenges and opportunities for Indigenous participation

3.1 Challenges

While resource companies, local Indigenous communities and SMEs may be keen to adopt IETED initiatives, there are many challenges that need to be negotiated to take advantage of them. The opportunities available are influenced by:

- Specific characteristics of the oil and gas sectors
- Historic and social disadvantage, which may limit the ability of Indigenous communities to participate
- The behaviours and attitudes of personnel and the organisational structure of the company developing IETED programs.

3.1.1 Characteristics of the oil and gas sectors

In Australia, much of the existing knowledge about good practice in IETED has been learned from the experiences of multi-national mining companies who have negotiated ILUAs with TO groups. While this is extremely valuable information, the types of employment and business development opportunities offered by mine sites may not be appropriate to oil and gas companies.

One particularly important characteristic of the mining industry is that it has a relatively high proportion of unskilled jobs available, such as truck drivers and plant operators. These jobs provide a practical focus for the intake and training of Indigenous people in remote areas, who have little experience of paid employment.

In the oil and gas sectors the jobs available tend to be much more technical. Moreover, the number of personnel needed to run a gas plant or LNG operation is far less than a mine of similar scale of investment.

Another factor that distinguishes oil and gas from the mining sector is the use of contractors to design and implement large projects. This means that the major employment and SME opportunities lie with the head contracting firm (see section 4).

3.1.2 Indigenous social disadvantage

As a function of history, remoteness and past political disconnection, Indigenous peoples are some of the most economically disconnected and disadvantaged social groups in the world. Ironically, this history of enclave development along with forced resettlement to areas of marginal agricultural utility has resulted in residual Indigenous territories being some of the most prospective unexplored areas for natural resources.

Indigenous people tend to have lower life expectancy, higher infant mortality rates, higher rates of disability and chronic disease, lower educational attainment, and

significantly higher imprisonment rates than non-Indigenous people.⁵ In Australia, discrepancies persist between Indigenous and non-Indigenous communities despite significant government resources being directed towards closing the gap. While opportunities for Indigenous participation are increasing in the resource sector in Australia, the broader socio-economic condition of the Indigenous population is a significant barrier to taking full advantage of these opportunities. The major barriers are summarised below.

- Low education levels. Indigenous people have much lower levels of educational attainment than other Australians. One of the major difficulties in addressing this issue in Australia is poor coordination of government support services at the state and federal levels. Successful education outcomes depend on improving school attendance rates, on ensuring children are healthy and ready to learn, are provided with training materials and experiences that are culturally appropriate, and that acknowledge and respect the cultural traditions to which they belong. A number of interventions are known to support these goals: employing local people as attendance officers who visit homes and ensure children attend school each day; nutrition information and school breakfast programs that provide healthy food for children to start their day; regular health checks for early detection of hearing and eyesight problems that make learning difficult; culturally appropriate training materials; support and encouragement for parents to become involved in their children's schooling. However, accessing and coordinating funding for these programs is challenging because it involves multiple government agencies, competition for scarce resources, and especially in the case of remote Indigenous communities, attracting suitably qualified and committed professionals to the region.
- Lack of vocational experience. Disengagement from wider society has prevented many Indigenous people gaining relevant vocational experience. In regional and remote areas, where many Indigenous communities are located, such opportunities for work or even exposure to a commercial workplace are very limited.
- Factors such as not having a drivers licence, a bank account, a tax file number or a birth certificate can be the reason why Indigenous people do not or cannot take up an opportunity.
- Lack of role models for young people who can demonstrate the benefits of employment.
- Poor health. In OECD countries such as Australia, Canada and the United States, Indigenous communities have significantly poorer health profiles than the general population. They experience greater rates of chronic disease, such as diabetes, heart, kidney and lung disease. In developing regions, poor sanitation and lack of access to preventative health services means communicable diseases are the most common health problems faced by Indigenous

⁵ SCRGSP (Steering Committee for the Review of Government Service Provision) 2011, *Overcoming Indigenous disadvantage: key indicators 2011*, viewed 25 February 2014, http://www.pc.gov.au/data/assets/pdf_file/0018/111609/key-indicators-2011-report.pdf.

communities. Poor health and fitness for work make it difficult for Indigenous peoples to find and retain mainstream employment. This restricts the range of jobs and productivity that some people can manage.

- Problems with alcohol, drugs and gambling. Many Indigenous communities suffer from the impact of excessive alcohol and drugs, including effects of the individuals in terms of health and motivation. Close family also suffer from disruptions caused by drinkers including sleep deprivation and increased stress and domestic violence.
- Challenges balancing family and community obligations such as 'law time' with the demands of work. A range of family and cultural obligations can impact on the willingness and ability of Indigenous people to meet and maintain in a consistent way standard workforce expectations, such as regular attendance. For example, when there is a death in the community a relative or member of the community may want, and even be socially obliged, to leave at short notice for several days or even weeks to allow time to travel to and take part in mourning ceremonies.
- Geographic isolation and transport issues can add to difficulties and create a reluctance to leave the community for employment.
- Encounters with the civic justice system. With high incarceration rates due to accumulated, usually minor, civic offences in countries like Australia, the US and Canada, many Indigenous people have police records. This is a significant issue with respect to passing police checks as part of the employment process.
- Discrimination can exist whereby Indigenous peoples are actively excluded from opportunities for employment.

3.1.3 Company structure and behaviours

Another impediment to achieving successful IETED outcomes can be the organisational structure and employee behaviours of the companies trying to institute them. Often, responsibility for IETED lies with the Community Relations or External Relations functions of large oil and gas companies. However, implementation of IETED programs necessarily involves Human Resources (HR) and Procurement staff. If they are unclear about the company's objectives in supporting these programs, or the initiatives lack support at senior management level, there is little incentive for HR and Procurement professionals to adapt standard work practices to suit new initiatives.

Successful IETED initiatives:

- have top management support that is articulated clearly and consistently
- have a champion who works regularly with others in the company to achieve alignment between IETED programs, HR and Procurement functions
- are supported by internal training programs that develop local and cultural awareness throughout the organisation
- are resourced adequately to meet commitments made, and
- align internal stakeholders through appropriate KPIs.

An all-too-common problem is the lack of coordination and communication between different departments. Especially in large companies, different functional areas tend to work in isolation so that, for example, procurement and contracting decisions are made without consultation with Community Relations practitioners. Unless there is someone who is prepared to work across these operational silos, a supportive corporate culture, and a sense of shared responsibility in achieving outcomes, IETED programs are unlikely to be implemented effectively, as in case study one.

CASE STUDY 1: COORDINATION ACROSS INTERNAL AND EXTERNAL STAKEHOLDERS

RIO TINTO IRON ORE'S HERITAGE APPROVALS PROJECT

RTIO must undertake heritage surveys and acquire heritage approvals prior to undertaking any ground disturbing activities. This is required by legislation and Participation Agreements with Aboriginal Traditional Owner (TO) groups. In early 2011, the Heritage Approvals team had a large backlog of approval requests and the demand exceeded capacity by 40%. This placed 70% of the scheduled growth projects at risk due to excessive delays in obtaining heritage approvals.

The primary factors limiting RTIO's ability to meet the demand were the limited availability of Aboriginal TOs for heritage assessments and the lack of a coordinated internal system for scheduling and prioritising heritage approval requests. Accordingly, the Heritage Approvals team looked for ways of building relationships with TOs and improving communications between different business units to expedite the approvals process.

First, the team negotiated with TOs to guarantee a regular supply of suitably experienced people to carry out heritage surveys. They then implemented commercial contracts with them to formalise the commitment and ensure there were TOs available to carry out the work. A roster system was also developed to streamline the process for securing accommodation for TOs coming from remote areas to carry out the work.

Internally, a database was created to manage the heritage work and a suite of tools were developed to assist with operations and monitoring. A prioritisation report was set up to help the cross functional leadership teams to ensure that the most important approvals were fast-tracked, based on impacts to the business.

Formal scheduling and long-term contractual arrangements had not previously been applied to heritage survey work, and the new approach paid off. In total, 2,138 days of heritage surveys were undertaken in 2012, exceeding target, and a 90 per cent increase over 2011. Moreover, the new processes meant that delays to key expansion projects were avoided.

The project also strengthened relationships with TOs. By implementing the roster system and commercial contracts, the Heritage Approvals team increased TO revenue opportunities significantly, helping RTIO to meet the business and employment commitments contained in Indigenous Land Use Agreements.

Source: RTIO, 2012⁶

3.2 Opportunities

Given the high reliance of the oil and gas sectors on contractor workforces, it is not surprising that there are likely to be many more opportunities for IETED with contracting firms. Therefore engaging with contractors is the single most important opportunity for advancing IETED initiatives. Section 4 discusses in detail the issues around working with contractors.

⁶ Rio Tinto 2012, *Nominee: Terry Palmer Award for Innovation*. Internal company document

4. Working with contractors

4.1 Challenges in achieving alignment

The opportunities for working with major contractors on IETED initiatives are influenced to a large extent by the contracting arrangements that oil and gas companies have with their major Engineering, Procurement and Contracting (EPC) or Engineering, Procurement, Contracting and Management (EPCM) contractors. These major (tier one) construction firms manage large-scale construction projects on behalf of project owners and are directly responsible for all sub-contractors working on the project.

Companies face major challenges in attempting to align larger contractors with their IETED initiatives for two main reasons. The first of these is the terms and conditions of the head contract that defines the relationship between the project owner and the EPC/ EPCM contractor. Unless provisions and targets for IETED are written into this contract from the outset, it is unlikely that the contractor will be prepared to engage in IETED initiatives because they will drive up contractor costs, be time consuming to implement, and difficult to supervise and control. In the case of EPCM contracts, there may be some room for negotiation as the EPCM provider is usually required to work with 'preferred' contractors recommended by the owner. However, in the absence of contractual incentives, a requirement for IETED is likely to be seen as "too difficult" and will not gain traction.

The other major challenge in working with contractors is that most do not have any experience of working with Indigenous people. While major resource companies have sought to build relationships with Indigenous communities in recent times, contractors have tended to view 'social compliance' as the responsibility of project proponents and owner/operators, although this is changing (see case study 1).

There is often no history of engagement between Indigenous people and contracting firms, and contractors may have a narrow, stereotypical view of how Indigenous people behave, and have no empathy for cultural differences. This results in workplace behaviours that are unwelcoming towards Indigenous employees and unsupportive of Indigenous businesses.

4.1.1 Indigenous Participation Plans

It is easier to achieve alignment with major contractors, therefore, if there are contractual obligations involved. One contractual mechanism increasingly being adopted by resource companies is the instigation of Indigenous Participation Plans (IPPS). An IPP is a statement of a company's intention to increase levels of Indigenous engagement in its supply chain and that specifies the particular actions it intends to take. IPPs are important because, if they are set for the head contractor, the commitments will then be driven down through the rest of the supply chain, as sub-contractors are obliged to develop their own IPPs. Table 3 describes the elements of an IPP.

Table 3: Elements of an Indigenous Participation Plan

1.	Details of the contractor's existing Indigenous workforce.
2.	Statement of how the contractor proposes to attract, develop and retain Indigenous peoples over the contract term.
3.	Statement of how the contractor will communicate with the Indigenous community, including advertising positions.
4.	Identification of the skill areas and the potential number of opportunities within each skill set for Indigenous employees.
5.	The contractor's Indigenous employment targets.
6.	The contractor's commitment to workplace development, including local and cultural awareness information sessions, to provide an informed and welcoming workplace.
7.	Statement of the structured support mechanisms that will be available to Indigenous workers.
8.	The contractor's commitment and initiatives to build skills and competency development for Indigenous employees, agency staff and subcontractors.
9.	The mechanisms by which the contractor will encourage and develop Indigenous enterprise.
10.	The contractor's commitment to bind its subcontractors to the terms and conditions of the IPP.
11.	An Action Plan, including milestones, targets and key performance indicators .A requirement for recording the results of the plan and regular reporting to the proponent, including numbers of Aboriginal people employed and outcomes of any training undertaken, and of the contractor's communication activities.

4.2 Role of the proponent

A problem with the adoption of IPPs as a general practice is that these plans can easily become 'tick the box' exercises if the contracting company does not understand why it is business critical to have them in place, and/ or lacks the capacity to implement the plan. It is possible for successful IETED programs to be launched, however, if the project proponent is prepared to actively inculcate contractors into the strategy and support them as partners during implementation. The following strategies are recommended:

- Be proactive in negotiation of IPP outcomes for new contracts, explain the purpose and involve contractors in local induction training.
- Use the process of negotiating IPPs to leverage substantial and enforceable training, employment and supply chain opportunities.
- Have training and enterprise early development programs underway prior to construction to ensure pre-qualified personnel are available as required.
- Offer meaningful and constructive support. This includes resourcing in-house teams adequately to ensure they are able to support contractors.
- Ensure in-house teams are in place before major contracts are let.
- Provide guidelines that outline proponent objectives for IPPs, including targets for Indigenous employment.
- Ensure contractual obligations are well defined; consider escalating performance payments for escalating success.

- Use your in-house team to work directly with the contracting company to bring about cultural and behavioural change. This can be achieved by the same sorts of mechanisms as are used internally to align different business units, namely, by supporting local and cultural awareness programs, having a champion on site, and by encouraging senior management to state their commitment to, and support for, greater Indigenous engagement.

The following press release (case study 2) provides an example of what can be achieved when a project proponent, in this case, a tier one contractor, takes the lead in IETED. Under the terms of a recently announced MoU, a trio of mining engineering firms, led by SNC-LANVIN, is financing a joint venture agreement with northern First Nations communities to form the First Nations Mining Corporation (FNMC). FNMC will work with First Nation communities to identify and develop IETED opportunities through partnerships and strategic alliances, with the ultimate goal of developing a competitive, Aboriginal-owned company to design, build and operate major mining projects.

CASE STUDY 2: A TIER 1 CONTRACTOR TAKES THE LEAD IN IETED

SNC-LAVALIN, CEMENTATION CANADA AND THE MORRIS GROUP SIGN MOU WITH FIRST NATIONS TO LAUNCH THE FIRST NATIONS MINING CORPORATION

Montreal | January 30, 2014

SNC-Lavalin (TSX: SNC), in partnership with Cementation Canada Inc., the Morris Group Limited, Flying Post First Nation, Lac Seul First Nation, Mattagami First Nation and Wahgoshig First Nation, today announced the signing of a Memorandum of Understanding (MOU) regarding the intent to capitalize the First Nations Mining Corporation (FNMC).

FNMC will form joint venture partnerships with local Aboriginal communities to promote, develop and carry out engineering, construction, environmental and other services for mining companies in Ontario throughout the project life cycle. FNMC will also work to strengthen ties between Aboriginal communities and mining companies in order to facilitate the training and hiring of Aboriginals and the procurement of goods and services from Aboriginal suppliers. The aim is provide top-tier services to the mining industry through strategic alliances and partnering.

FNMC will be focused on helping First Nations communities enhance their understanding of the mining industry, identify opportunities, build capacity and develop their own First Nations companies to support mining projects. FNMC will also facilitate Aboriginal employment by developing programs to provide training, certification and upgrade skills. With this agreement, FNMC will offer a competitive Aboriginal-owned alternative for the design, construction and operation of mining projects.

Source: SNC-Lavalin ⁷

⁷ SNC-Lavalin 2014, *Cementation Canada and the Morris Group sign Memorandum of Understanding with the First Nations to launch the First Nations Mining Corporation*, viewed 25 February 2014, <http://www.snclavalin.com/news.php?lang=en&id=2331>.

5. Setting the context for IETED

Understanding the opportunities and constraints to implementing IETED in the local context is the first step in developing an IETED strategy. Some of the issues relating to the community context will be addressed in the ESHIA. However, it is likely that additional research will be required. This is typically undertaken by a third-party specialist or team of consultants working in conjunction with the proponent's Community Relations team. These specialist consultants are often anthropologists or sociologists experienced in working with Indigenous peoples and who have a thorough knowledge of the country context. Ideally, they will also have a good knowledge of how extractive companies work and the particular project area, to carry out this work.

5.1 Baseline data

Some examples of the information needed to establish the local context for IETED are:

Current community resources

For IETED programs to be successful, it is important to collect baseline data on customary livelihoods, the composition of the potential Indigenous workforce, the skills and competencies currently existing in the region, and attitudes and aspirations towards IETED. Basic indicators include: the size of the current Indigenous workforce in the region by sector, age and gender; unemployment and underemployment rates; number and percentage of part time workers; whether there is a pattern of seasonal work; salary information; highest level of education; geographic location, numeracy and literacy rates, and attitudes and aspirations for employment and enterprise. However, more detailed assessment of the skills-base of the potential local workforce will most likely be required to match skills to likely opportunities. This assessment is sometimes referred to as Competencies or Capabilities Assessment, Asset Mapping, or a Skills Audit. At the most basic level, a skills audit will contain:

- An understanding of how work roles are customarily allocated and managed.
- A list of workforce requirements (roles available and numbers of people required for each role)
- A statement of the competencies/ skills required to carry out those roles
- An indicator as to whether or not potential employees have all of the skills required, and whether or not training may be appropriate to build skill levels after recruitment, or before the individual would be eligible for employment.
- Details of local training providers and government and non-government training schemes.

It is also useful to talk to contractors, employment agencies and local Chambers of Commerce and Regional Development agencies to identify trends and identify upcoming business opportunities. Once this information is recorded, it is possible to see the type and extent of training required, to identify appropriate training providers and/ or match applicants with employment opportunities with particular suppliers.

Baseline data for enterprise development includes details of local SMEs (Indigenous and non-Indigenous) that could provide goods and services to the project. It is important to identify **all** local businesses because non-Indigenous SMEs may be competitors for potential Indigenous start-ups. They may also be potential partners for Indigenous start-ups, or prepared to employ or train Indigenous recruits. Gathering baseline data on local businesses generally involves conducting a local business survey or mapping exercise.

Typically, these tools capture information on:

- The name and type of business
- Number and role of employees
- Current clients and market
- Financial details including costs, annual turnover for the previous 3-5 years and projected growth forecasts
- Management structure and experience, and
- Supplier relations.

Once these capabilities have been mapped, it is then possible to match the SME with opportunities within the supply chain, and to identify cases where further information and training/ investment may be required to enable the business to meet industry or corporate standards, e.g. in relation to HSSE requirements or prequalification processes.

Alternative markets or livelihoods that employees and businesses could transfer to in the event of downturn or closure

It is best practice for IETED strategies to incorporate provisions for equipping Indigenous peoples with transferable skills and qualifications to other operators or industries in the area. The aim is to assist Indigenous peoples to develop skills that will enable them to:

- Transfer from one construction company to another as construction ends with one company and it moves into the operational stage
- Transfer from one company to another in the event that a new project does not proceed at the FID stage
- Undertake further training to prepare for operational roles, or
- Find alternative forms of economic activity that are not dependent on resource extraction but that build on the skills they have developed when working in the resources sector.

5.2 Networking

Networking is an important aspect of any role that involves identification of opportunities for IETED. By talking to Indigenous people, contractors, training providers, small business owners, industry and government agencies it is possible to identify trends and match supply and demand prospects for employment and business development, and investigate opportunities for collaboration. Networking also helps to build relationships and trust so that everyone understands the value of creating and participating in IETED initiatives. Networking may take many forms. For example:

- **Industry forums** or working groups dedicated to IETED issues. While oil and gas companies operate in a competitive environment, there may be times when they are prepared to work together to meet local content or Indigenous employment targets. There are likely to be more opportunities identified if companies are prepared to work together to match overall supply and demand and pool resources.

- **Using local consultative committees** to identify opportunities. Mining, oil and gas companies often create local consultative committees as a part of their community engagement plans as a means of communicating directly with communities about their activities. These committees, particularly if they contain Indigenous representatives as well as company personnel, are a useful way to monitor local business activity and provide information on upcoming project requirements.
- **Regular visits by project owners to major contractors** reinforce the importance of IETED and help to bring about embedded acceptance of these initiatives within the contracting company. The presence of oil and gas company personnel at a contractor's business gives visibility to the issue and demonstrates that providing opportunities for Indigenous people is taken seriously.

6. Employment

6.1 Recruitment

6.1.1 Approaches to Recruitment

Leading companies in the Australian mining industry have recognised that mainstream recruitment practices are frequently not appropriate for Indigenous peoples and have subsequently adapted their approach to Indigenous recruitment. Table 4 provides a comparison between good practices in mainstream and Indigenous recruitment processes in the Australian Mining Industry⁸.

It is also good practice for companies to set corporate targets for Indigenous employment. However, it is important that these targets are achievable and reflect the company's commitment to **long term** outcomes. For example, the mining industry has been criticised for employing those who are already job experienced, in preference to expanding the Indigenous labour pool.⁹ A further criticism is that most Aboriginal people are in entry level positions (such as truck driving), with limited career development opportunities and/or transferable skills to other employment when the mine closes.¹⁰

If the oil and gas sector is to avoid these pitfalls and make a sustainable contribution to IETED, it will need to adopt the successful approaches pioneered by the mining industry. This includes increasing the labour pool by addressing the historical legacies that have contributed to ongoing socio-economic disadvantage and exclusion of the Indigenous population, as well as considering other forms of economic investment, such as business opportunities that incorporate traditional knowledge and customary components (see Case Study 3). The important thing to do is get young people into employment of any kind to stabilise a potential demographic 'time bomb'. Rapidly expanding populations of young people with no gainful employment and the loss of customary authority is a dangerous combination.

The other way to improve Indigenous employment and training outcomes is to set targets to drive performance. The process of selecting targets and objective should ensure:

- Key stakeholders, including Indigenous peoples and particularly elders, are involved in setting the targets
- Targets are consistent with the requirements of Agreements
- There is a specific timeframe for achieving the targets.

To achieve long term results, targets should:

- Include local (TO) and non-local Indigenous people
- Reflect the demographic of the Indigenous population
- Include work ready and non-work ready Indigenous peoples
- Include Indigenous people in roles other than entry level positions

⁸ Tiplady, T & Barclay, MA 2007, *Indigenous employment in the Australian minerals industry*, CSRM, viewed 25 February 2014, <https://www.csr.com.au/publications/indigenous-employment-in-the-australian-minerals-industry>.

⁹ Leneghan, C 2009, *The minerals sector and Indigenous relations*, viewed 25 February 2014, <http://www.atns.net.au/papers/Leneghan.pdf>.

¹⁰ Brereton, D and Parmenter, J 2008, 'Indigenous employment in the Australian mining industry', *Journal of Energy and Natural Resources*, vol. 26, no. 1, pp. 60-90.

- Include measures of career progression
- Be evaluated regularly to adapt to changing operational requirements.

Table 4 Comparison between good practices in mainstream and Indigenous recruitment ¹¹

STEP	MAINSTREAM	INDIGENOUS
Advertise/ Promote	<ul style="list-style-type: none"> • Advertise in newspapers and on company websites 	Company Personnel to: <ul style="list-style-type: none"> • Go to the community/s, hand out ads, talk / explain to individuals, families about the positions vacant, answer questions • Talk to previous applicants and or people on the company regional data base who have the requisite skills • Post ads on community notice boards
Applications / Résumés	<ul style="list-style-type: none"> • Submitted in hard copy or electronically 	<ul style="list-style-type: none"> • Prepared in hard copy or electronically • Assistance provided to applicants in completing application forms and writing résumés during community visits • Collect applications and résumés during community visits
Short-list	<ul style="list-style-type: none"> • Assessing applications and résumés • Telephone interviews, reference checks 	<ul style="list-style-type: none"> • Assessing applications, résumés, • Reference checks, local knowledge
Selection	<ul style="list-style-type: none"> • Final short list of applicants drawn up 	<ul style="list-style-type: none"> • Selection Centres from 1 to 4 days duration are conducted
	<ul style="list-style-type: none"> • Interview by HR Officer 	<ul style="list-style-type: none"> • In very small regions where all Indigenous applicants are known, Interviews are conducted by experienced non Indigenous and Local Indigenous Company personnel
	<ul style="list-style-type: none"> • Medical 	<ul style="list-style-type: none"> • Medicals that include appropriate feedback, e.g. referrals for medical treatment
	<ul style="list-style-type: none"> • Alcohol and drug test 	<ul style="list-style-type: none"> • Alcohol and drug testing that includes appropriate feedback and follow up, e.g. referrals to rehabilitation programmes
	<ul style="list-style-type: none"> • Security clearance, if required 	<ul style="list-style-type: none"> • Security clearance that includes appropriate screening, e.g. positively discriminating when police records are due to accumulated minor civic offences, not criminal offences
	<ul style="list-style-type: none"> • Best candidate chosen 	<ul style="list-style-type: none"> • Affirmative action policy and practice that allows Indigenous people who meet a range of acceptable levels for the role to be selected
Offer/s of employment	<ul style="list-style-type: none"> • Successful applicant/s are informed in writing • Unsuccessful applicants informed in writing. 	<ul style="list-style-type: none"> • Successful applicant/s are informed in writing • Unsuccessful applicants are briefed and supported appropriately as required.

¹¹ Tiplady, T & Barclay, MA 2007, *Indigenous employment in the Australian minerals industry*, CSRM, viewed 25 February 2014, <https://www.csr.com.au/publications/indigenous-employment-in-the-australian-minerals-industry>.

TANAMI BIODIVERSITY STRATEGY

The Tanami Biodiversity Strategy is a cooperative and strategic approach to understanding the effect of exploration and mining on the environment in a very remote and arid region in Australia. All exploration, mining and associated infrastructure development is subject to agreements between Newmont and the Central Land Council (CLC), which represents the interests of the land's Indigenous owners.

The Tanami Biodiversity Strategy was developed to complement Newmont's existing environmental monitoring with a sound scientific approach to monitoring environmental change at the macro and micro levels. It involved the selection of almost 100 sites for regular, twice-yearly monitoring. Site selection took into account Indigenous ecological and cultural knowledge as well as scientific parameters. The monitoring methods adopted make extensive use of Warlpiri tracking skills and there is a field program that provides paid work for the rangers involved. These ranger groups have been developed by the Warlpiri people over several years, with support from the CLC, the National Heritage Trust and government employment programs.

Source: *Leading Practice Sustainable Development Program*¹²

6.1.2 Work Ready Programs

A key issue for companies operating in remote areas near to significant Indigenous communities is the lack of suitably qualified and experienced Indigenous people to employ. The main barriers to Indigenous peoples' employability are; a lack of numeracy and literacy skills, unfamiliarity with mainstream work practices, and the lack of entry-level skills specific to the oil and gas sector. It has become increasingly common for resource companies to implement work ready programs specifically designed for Indigenous peoples who require assistance in gaining some of the skills that other people take for granted.

Work ready programs are also called pre-employment, pre-vocational programs and traineeships. The objectives of these programs are to:

- Instil work habits such as attendance, regularity, dependability and punctuality
- Teach trainees how to listen to, and follow, instructions
- Provide trainees with the skills to manage their social, customary and work obligations
- Teach trainees how to be self-aware, in particular how to be responsible for their own and their colleagues health and safety, and
- Build self-esteem by providing trainees with positive educational experiences¹³

The programs range in duration and content depending on the needs of the participants. Most work ready programs in Australia are about 10-14 weeks in duration. It is important to establish these programs with these timeframes in mind to ensure there will be graduates once jobs become available. Case study 4 provides an example of a successful work readiness program.

¹² Leading Practice Sustainable Development Program for the Mining Industry 2007, *Working with Indigenous communities*, viewed 25 February 2014, <http://www.innovation.gov.au/resource/Documents/LPSDP/WorkingIndigenousCommunities.pdf>.

PIMA was a partnership with Aboriginal contractor Ngarda and BHP Billiton Iron Ore to deliver a pre-employment program specifically to Indigenous people from remote communities who wanted to make a positive change in their lives. Pre-employment programs are designed to assist those who lack exposure to the mainstream workforce and they foster the development of employability skills such as communication, teamwork, problem solving, planning and occupational health and safety.

The PIMA program commenced in 2008 and was run in conjunction with the Yarrie Mine operations as a 5-year project with up to 60 trainees per year. The PIMA program differed from other pre-employment programs in that each course lasted 13 weeks and was targeted at local Indigenous people who wanted to secure employment within the mining industry. During the program, trainees gained extensive mining skills, their numeracy and literacy skills improved, and they received extensive on-site safety training and work experience essential to securing employment in the resources sector.

PIMA trained 300 people and 95% successfully graduated from the program. Those people employed by Ngarda post training continue to progress their qualifications.

Source: Ngarda Civil and Mining¹⁴

Each operation will differ in its approach to work ready programs due to the individual characteristics of the community. The process of designing a work ready program should involve:

- Engagement with Indigenous Peoples to identify the challenges that prevent local Indigenous People from being 'work ready'
- Conducting a review of previous courses to identify what worked and what did not
- Consulting with contractors and other business and sectors to identify the base requisite skills they require and identify occupations where demand is outstripping supply.

While the content will vary according to the needs of the community involved, the most successful work ready programs are those that:

- Guarantee an offer of employment on successful completion of the program
- Have only Indigenous participants, who are encouraged to support each other
- Include an initial numeracy and literacy assessment using materials specifically designed for Indigenous people. This assessment can be used to tailor training programs to individual needs
- Are designed and delivered by a trainer experienced with working with Indigenous students
- Provide mentoring support and understand it will extend beyond workplace issues
- Include content on workplace behaviours and expectations
- Evaluate the program on a regular basis (including feedback from participants who have graduated as well as those who left early).

The Ostwald Brothers driver simulation training program (case study 5) is an example of a successful work readiness program.

¹⁴ Ngarda Civil and Mining 2013, viewed 25 February 2014, <http://www.ngarda.com.au/projects/past>.

OSTWALD BROTHERS DRIVER SIMULATION PROGRAM

In Queensland, Australia QGC has partnered with contractor Ostwald Bros to implement a simulator training program for Indigenous People. QGC has provided \$500,000 for the simulators and training program. The aim of the program is to provide Indigenous people with the plant operator skills needed to go straight into employment in the resources industry.

The trainees are seated at controls behind a digital display and experience all aspects of plant equipment operation, including use of a grader, scraper, and excavator. The initiative uses three simulators funded by QGC. This intensive three-week program was written and designed by JT Workforce Connections. They also handle the recruitment of candidates.

Participants graduate from the program with two completed units of competency that provide a pathway into a range of full qualifications. These qualifications include: Certificates in Civil Construction, Surface Extraction Operations and/or Resource Processing.

The program was officially launched in July 2013 and in the 3 months since the program began, 12 trainees have completed the course. Of these, Ostwald has employed seven, four have been employed by other proponents in the industry, and one did not go on to employment.

Ostwald has an Indigenous Liaison person who works directly with candidates. Once the trainees have completed the course, it is the proponent who is responsible for career development to ensure that there are opportunities to advance from an entry-level position.

Source: Arbelaez-Ruiz, D, Parmenter, J & Barclay, MA¹⁵

6.2 Retention

While the resources sector in Australia has had some success in recruiting Indigenous employees in recent years, retaining them has emerged as a challenge. The issues that contribute to low retention of Indigenous employees are similar to those that limit their ability to gain employment, for example a lack of formal education, poor health or managing family obligations. Research undertaken at three different mine sites in Australia suggests that Aboriginal employees are leaving current employment due to three main reasons: lack of career development; balancing family and customary obligations with work, and perceived discrimination.¹⁶ The findings also suggest that the limited pool of skilled Aboriginal labour in the regions is contributing to low retention rates, as experienced Aboriginal employees are highly sought after by other resource companies and 'poached'.¹⁷

There are a number of strategies that can be used to improve retention amongst Indigenous employees. These include:

- Ensure Indigenous employees receive ongoing mentoring and support
- Ensure career development pathways are in place
- Provide local and cultural awareness programs for all employees.

¹⁵ Arbelaez-Ruiz, D, Parmenter, J & Barclay, MA 2013, *Documenting and Reviewing QGC's Indigenous Employment, Training and Business Development Initiatives*, CSRM

¹⁶ Tiplady, T & Barclay, MA 2007, *Indigenous employment in the Australian minerals industry*, CSRM, viewed 25 February 2014, <https://www.csrmlq.edu.au/publications/indigenous-employment-in-the-australian-minerals-industry>.

6.2.1 Mentoring

Mentoring refers to the process by which an employee receives support and guidance from an experienced colleague. It is preferable to recruit an Indigenous mentor rather than a non-Indigenous mentor. Indigenous people new to the workforce are more likely to feel comfortable with an Indigenous person, and the mentor is more likely to understand the employee's personal situation. Indigenous mentors can provide support to Indigenous employees in managing their family and community obligations along with their work commitments, and ensure that site personnel understand the issues relevant to Indigenous employees. However, if it is not always possible to recruit an Indigenous mentor, so a non-Indigenous mentor with prior experience in working with Indigenous people should be recruited. It is also recommended that male and female mentors are recruited. It is often more culturally appropriate for Indigenous people to communicate personal matters to a person of the same gender. As well as providing personal and cultural support, mentors can also ensure Indigenous employees have the technical skills to succeed. If the mentor does not possess these skills and specialist knowledge is required, the mentor can ensure an appropriate tutor is assigned to the employee.

In Australia, Indigenous mentoring programs vary considerably. A review of good practice undertaken in 2010 by CSRM¹⁸ suggested the following aspects are important to implementing a successful mentoring program:

- Engagement with local Indigenous people to identify the challenges mentees are likely to face.
- Written position descriptions for mentors
- Mentors with positive characteristics including: a sense of humour, respectful, empathetic and flexible¹⁹.
- Adequate ongoing financial and in-kind resources.
- Leadership and commitment from workplace staff, especially the program coordinator, with experience and knowledge of local conditions.
- Support mechanisms for the mentor to ensure mentors do not burn out and have support for their own personal challenges with balancing work and family and/or customary obligations.
- Ensure the program allows the mentor to work with the mentee's family.
- Formal evaluation from participants (mentor, trainers, supervisors, co-ordinator, and other work team members) following the program and again when the mentor is working with mentee(s) after 6 months, to assess any specific areas that should have been included in the program.
- Regular, consistent contact between mentor and mentee.

Mentoring is most critical during the first 12 months of an Indigenous employee entering the workforce. The frequency of mentoring will vary depending on the individual's needs and the frequency of informal mentoring. For example, new employees are likely to need more frequent mentoring (potentially every few days) until they become more comfortable on site. Once the employee has been there a few months, regular meetings may be once monthly.

¹⁸ Brereton, D and Taufatofua, R 2010, *Good practice in mentoring of indigenous employees*, CSRM, viewed 25 February 2014, <http://www.csrmlq.edu.au/docs/Final%20mentoring%20web%20paper.pdf>.

¹⁹ MacCallum, J and Brooker, M 2006, *A review of training for participation in mentoring: The preparation and support of mentors and mentees*, Deakin West, ACT, <http://researchrepository.murdoch.edu.au/9458/>.

At many Australian mine sites, informal mentoring has also been identified as critical to the retention of Indigenous employees. For example, at Century Mine in Queensland, Indigenous employees get together regularly for social events outside of work hours such as barbeques and sporting events. These networking events provide an opportunity for Indigenous people to support each other and create a sense of belonging at the work site. Non-Indigenous people are included in these events, although the primary aim is to achieve Indigenous participation. Mentoring is also required for on-going career development of Indigenous employees in order to retain them. Case study 6 provides an example of mentoring for Aboriginal employees at Argyle Diamonds mine in Australia.

CASE STUDY 6: MENTORING

THE MENTORING PROGRAM AT RIO TINTO'S ARGYLE DIAMOND MINE

Argyle has more than 60 Indigenous trainees and apprentices at its operation. The Training Superintendent, the Trainee Master and the Apprentice Master mentor all trainees and apprentices.

The vast majority (90%) of people who require mentoring assistance are young men and women grappling with the problems that affect most young people –learning how to manage their money, understanding the commitments involved in buying and running a car, prioritising social life and work obligations, coping with personal relationships and using their time off work in a constructive way.

The majority of problems with Indigenous employees arise during time off, so trainers /mentors are contactable 7 days a week 24 hours a day, to tackle problems as soon as they arise.

Each Monday, the trainers /mentors get together to find out if there were any problems over the weekend, who may need help and how the assistance should be prioritised. If there are no incidents that bring new people to the attention of the mentors, they continue with the workload as it was prioritised during the previous week. The trainers / mentors then make sure they are in contact with each person to follow up with them work through problems, find solutions, then return the trainee to the work routine again.

If appropriate, the trainee's family is involved in the process. Families are involved if they can provide support to the trainee and are kept informed by the trainer about progress being made.

Source: Tiplady, T and Barclay, MA²⁰

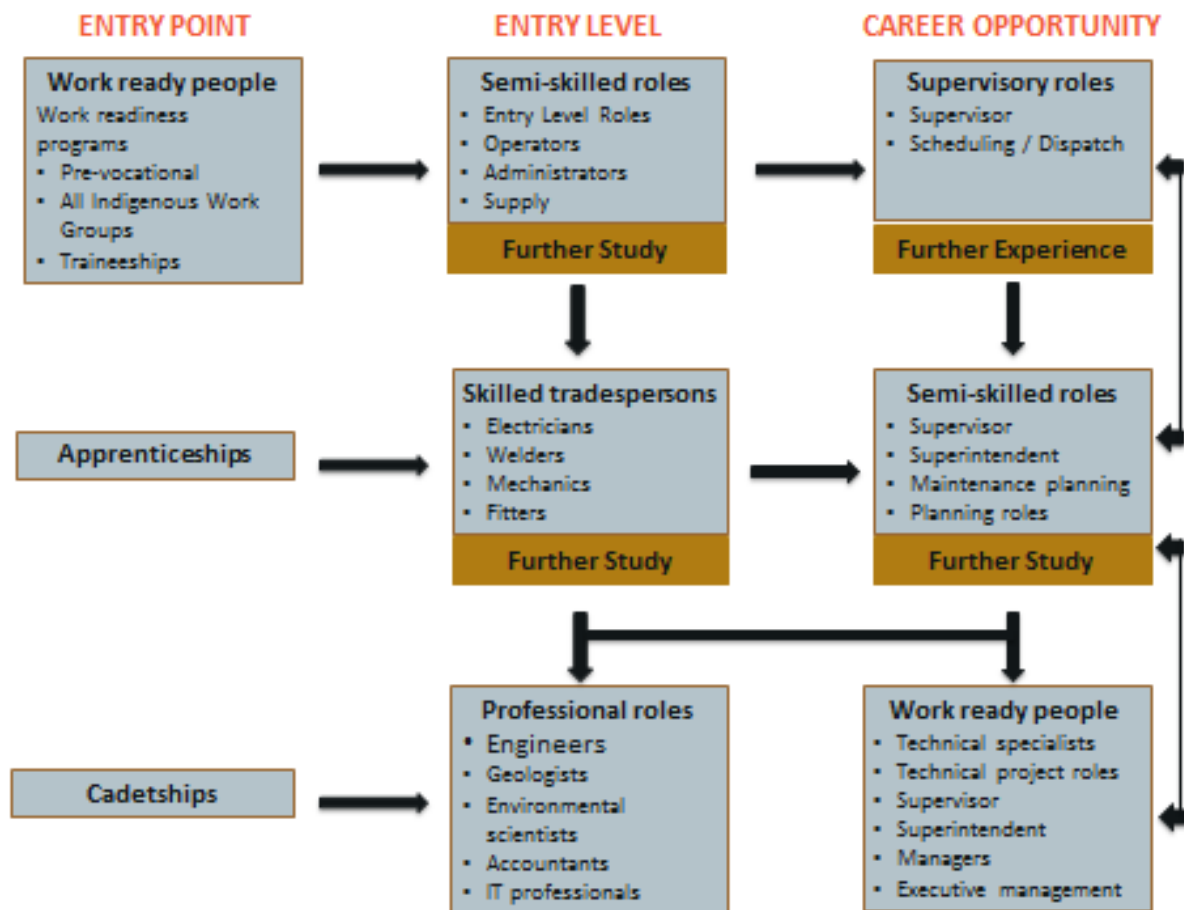
6.2.2 Career Development

Due to the social disadvantage and associated lower education levels of Indigenous populations, the majority of Indigenous employees at resource companies in Australia tend to be heavily concentrated in semi-skilled roles. If Indigenous employees are to gain promotion to supervisory and management roles a longer term career development plan is required. These development plans should be built into existing HR systems that address career development, such as annual performance reviews.

Work ready programs, apprenticeships and cadetships can all lead to significant career opportunities for Indigenous employees. Figure 1 demonstrates how work readiness or pre-vocational programs and traineeships can be used as entry level programs to feed into further study that ultimately leads to career opportunity at more skilled levels. Case study 7 provides an example of a successful Indigenous Cadetship program.

²⁰ Tiplady, T & Barclay, MA 2007, *Indigenous employment in the Australian minerals industry*, CSRM, viewed 25 February 2014, <https://www.csrn.uq.edu.au/publications/indigenous-employment-in-the-australian-minerals-industry>.

Figure 1: Career development opportunities for indigenous employees



Source: Tiplady, T and Barclay, MA²¹

Apprenticeships currently offer the greatest career development opportunities for Indigenous people in the Australian resource sector because of the high demand for skilled tradespersons. One way to encourage the uptake of apprenticeships is to offer and prioritize entry for all local Indigenous students who complete year 12.

Professional Development for highly skilled Indigenous employees is in its infancy in Australia and largely relies on an informal approach where individuals with leadership potential are identified by supervisors or management and targeted for appropriate career development programs. One approach is to offer cadetships leading to professional roles (see case study 7).

It is also important to be aware of any **cultural and behavioural factors** that may influence the desire of Indigenous employees to take up career development opportunities. For example, Indigenous employees in Australia may be uncomfortable in being assertive in their quest for career opportunities. This is also the case for Indigenous employees at Red Dog mine in Alaska, where it would not be culturally appropriate (due to the core cultural value of humility) to ask for a promotion. In both cases, employees would prefer to be approached privately for such opportunities. Supervisors of Indigenous employees need to be aware of these cultural differences (the content of which should be included in cultural awareness training for supervisors) and a

²¹ Tiplady, T & Barclay, MA 2007, *Indigenous employment in the Australian minerals industry*, CSRM, viewed 25 February 2014, <https://www.csrn.uq.edu.au/publications/indigenous-employment-in-the-australian-minerals-industry>.

process in place whereby potential career development opportunities for individual employees are identified by supervisors and discussed in consultation with the employee and their mentor.

CASE STUDY 7: RIO TINTO'S INDIGENOUS CADETSHIPS

Since 1999 Rio Tinto has been engaged in the National Indigenous Cadetship Project (NICP), working in conjunction with the Commonwealth Government. The aim of the project is to develop Indigenous professionals with diverse skills and experience. To achieve this aim, NICP provides financial support to Indigenous students to study for tertiary degrees in industry related subjects, such as engineering, science and other relevant subjects including business, communications, accounting.

Preference is given, but not restricted to, applicants from Indigenous communities located near Rio Tinto operations.

Cadets receive: annual study allowance, annual text book allowance, twelve weeks' paid vacation employment, career development, mentoring, technical skills development and experience in a global workplace.

Since 2000, Rio Tinto has supported 58 students in various stages of their studies. Thirteen cadets have now graduated and are working in professional roles, and eight are working full time for Rio Tinto.

Source: Rio Tinto^{22 23}

6.2.3 Cultural and Local Awareness Training

Cultural and local awareness training is increasingly commonplace in the global resources industry. In Australia, the provision of this training is often a commitment included in Agreements with Traditional Owners. The training aims to provide company employees with a basic understanding of local Indigenous culture and issues that may arise when working with Indigenous people. A recent study of cultural awareness training at Rio Tinto Iron Ore in Australia found that the majority of participants agreed that culture awareness training encourages a better work environment and helps them work more effectively with Aboriginal people. They also reported feeling more confident communicating with Aboriginal people after the training. Further, most respondents indicated that the training made them think about their own culture and behaviours, which is a key component of training aimed at reducing prejudice.

In Australia, there are a range of programs tailored for either a company-wide audience (often mandatory as part of the induction process for new employees) or for employees with key functions in IETED (such as supervisors of Aboriginal employees or HR personnel). The most common method of delivery is through a one or two day workshop, with the longer programs including a field trip on Aboriginal land. The training is provided by specialist companies, or by Indigenous employees of the mine. Increasingly, as a result of the provision of this training being included in formal agreements such as ILUAs, companies are also contracting local Indigenous people to provide the training. This creates a business opportunity for local Indigenous people and also ensures the appropriate local content is included.

Local Indigenous people often have little experience in a training environment and significant investment in resources may be required by the company initially to develop a local program. It is also important for the program to have the support of local Indigenous leaders to ensure the content of the program is credible in meeting both the expectations of the company and local

²² Rio Tinto Australia, *Aboriginal policy and programmes in Australia*, viewed 25 February 2014 http://www.bsl.org.au/pdfs/RioTinto_Aboriginal_Policy_and_Programmes_in_Australia.pdf.

²³ Rio Tinto Australia 2014, *Aboriginal Indigenous cadetships*, viewed 25 February 2014, http://www.riotinto.com.au/ENG/careers/1325_australian_indigenous_cade_tships.asp.

Indigenous people. Table 5 provides an example of the types of training delivered in the Australian resource sector.

Table 5: Types of cultural awareness training

Participants	Company Wide Induction Training	Supervisors of Indigenous Peoples/ Human Resources	Senior Leadership
Duration	1 Day or less	1-2 days	Typically 2 days, often includes an overnight camp on country with Traditional Owners
Content	<ul style="list-style-type: none"> Company commitments to Indigenous People and relevance to employees Overview of local Indigenous People including history, cultural behaviours and landscape, and issues to be aware of such as cultural heritage protection. Basic information on Working with Aboriginal people- issues to expect and how to respond 	<ul style="list-style-type: none"> Detailed case studies of issues Aboriginal employees face Company expectations on how to respond to issues that may emerge. Clear policy and management systems in relation to factors such as cultural leave 	<ul style="list-style-type: none"> This is not a structured course but an opportunity for TOs and company senior management to build relationships. Camping, fishing hunting and story-telling activities are often included.
Follow up	Refresher course every 2 years	Refresher course every year	Refresher course every 2 years

Refresher or follow up courses should be provided on a regular basis and it is sometimes beneficial to incorporate new knowledge into follow-up courses, depending on such factors as the level of cultural awareness within the workforce and the turnover rate of employees. It is possible to develop local and cultural awareness training programs that reflect different 'levels' of awareness within the company. The content of follow-up programs will depend on the feedback from previous courses, the make-up of the workforce in terms of job roles, any particular concerns on site, and Indigenous peoples' feedback regarding issues in the wider community.

The planning and implementation of Local and Cultural Awareness Training requires careful consideration of the course content to avoid any unintended consequence. For example:

- Content that portrays Indigenous culture as a unified entity may result in attendees at training sessions developing stereotypical thinking about particular groups of people, without recognising the diversity within cultural groups.
- If not using a professional trainer, a curriculum expert should be commissioned to work with local Indigenous people to formulate content. While much of the learning may be about local customary norms, much of it will be about simply behaving with respect, such as: driving slowly and carefully past dwellings, not driving off-road across pasture land, not venturing into designated areas without permission, how to mentor and if necessary discipline a local employee without causing shame, and who to contact to help resolve the inevitable community complaints and disputes that arise
- Those who are presenting training for the first time may also need some training on facilitation. When using local Indigenous people who have not experienced a training

environment before, some training may be required on issues such as handling conflict or difficult/insensitive comments that may arise.

The International Council on Mining and Metals (ICMM)²⁴ recommends that programs should:

- Focus not only on giving a historical understanding of the relevant community, but on providing practical advice that can enhance cross-cultural communication and understanding (e.g. advice on body language, initiating and ending conversations, culturally disrespectful actions, etc.)
- Involve local Indigenous men and women in delivery and teaching of the program (e.g. in conducting welcoming ceremonies and sharing their experiences)
- Be differentiated according to the target audience (e.g. more intensive tailored programs for company personnel who supervise Indigenous employees)
- Include follow-up and refresher sessions, rather than just being delivered as a one-off
- Where Indigenous people use a different language, develop the capacity of project supervisors to communicate at least some phrases in that language.

It is important to ensure the process of selecting a presenter has the endorsement of key local Indigenous peoples and outcomes of the training are communicated regularly to the presenter and if relevant, other Indigenous people in the community. This can be done by collecting feedback forms following the training sessions. These should be evaluated on a regular basis (usually quarterly) by a company employee and the outcomes discussed with relevant community relations personnel, training providers and other key Indigenous people. Case study 8 is an example of good practice in Cultural Awareness training.

CASE STUDY 8: CULTURAL AWARENESS TRAINING AT RTIO²⁵

CULTURAL AWARENESS TRAINING AT RIO TINTO IRON ORE (RTIO)

Cultural Awareness Training (CAT) at RTIO has existed since 1992. However, In March 2011, RTIO entered into a number of legally binding local agreements (Participation Agreements) with individual Pilbara Native Title groups and an optional regional agreement (Regional Framework Deed). The Regional Framework Deed includes a commitment by RTIO and Pilbara Traditional Owner (TO) groups who have opted into this agreement to the provision of CAT. This commitment is also contained in Rio Tinto's Australia-wide Reconciliation Action Plan (RAP).

Attendance

At RTIO, all new employees are now required to attend a CAT course within the first year of employment and existing employees are required to attend refresher training sessions once every two years. The training is conducted by TOs and takes place in Perth as well as on individual operations in the Pilbara. The sessions generally last around four hours, are primarily lecture-based and use power point presentations to convey key messages. Sometimes video content is incorporated or cultural artefacts shown. A popular course at another Rio Tinto operation, Rio Tinto Alcan at Weipa, Queensland, includes both a classroom session and a bush trip where participants directly experience being on country.

(Cont'd)

²⁴ The International Council on Mining and Metals (ICMM) 2010-13, *Good practice guide: indigenous peoples and mining*, viewed 25 February 2014, <http://www.icmm.com/page/51914/news-and-events/news/articles/guide-on-mining-and-indigenous-peoples-available-to-download>.

²⁵ Parmenter, J 2013, 'RTIO Aboriginal cultural awareness training', MA thesis, University of Queensland

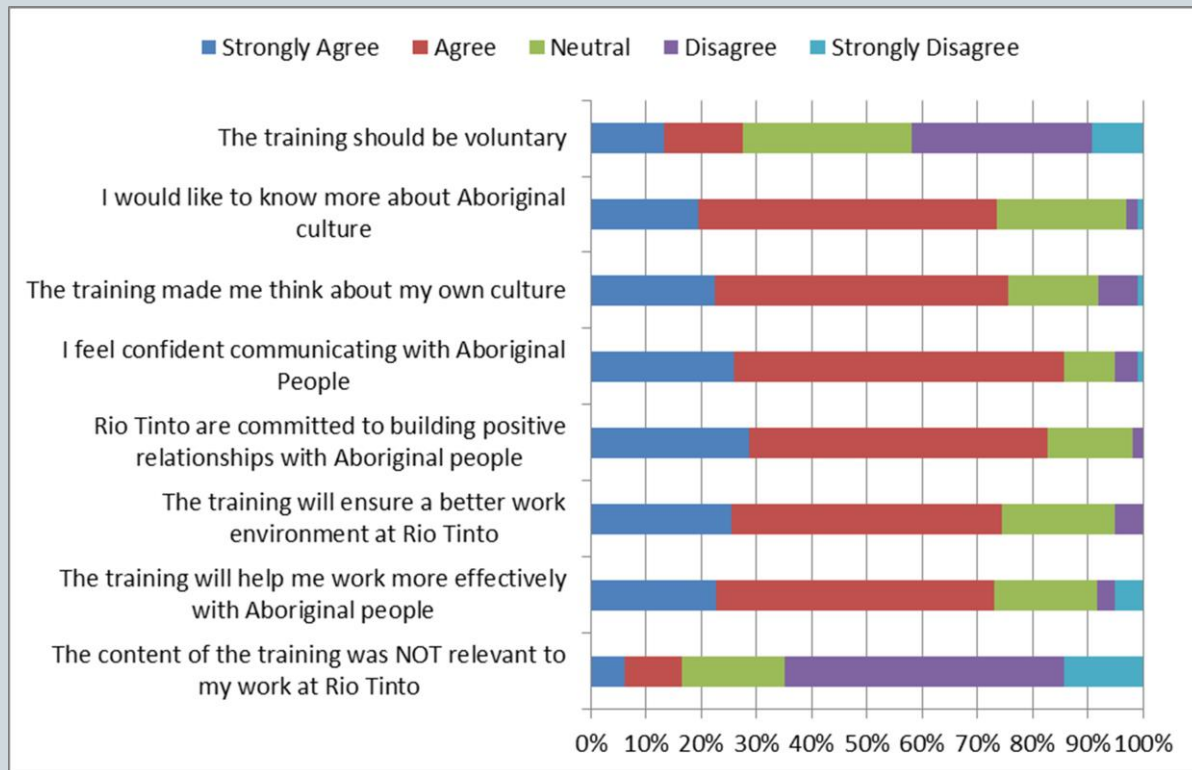
CULTURAL AWARENESS TRAINING AT RIO TINTO IRON ORE (RTIO) (Cont'd)

Content

- While content and emphasis varies from site to site, the main course components include:
- Rio Tinto Agreements with Aboriginal People and the business case for positive engagement
- Working with Aboriginal People: Communication styles, kinship relations and cultural obligations
- The history of the region Native Title boundaries and language groups
- Cultural Heritage

Employee perceptions of CAT

Recent research suggests that most RTIO employees have a very positive opinion of CAT:



The chart above shows that the majority of participants in the training agreed or strongly agreed that RT is committed to building positive relationships with Aboriginal people; that the training will ensure a better work environment at RTIO and help them work more effectively with Aboriginal people; and they feel confident communicating with Aboriginal people. Further, most respondents indicated that the training made them think about their own culture, which is a key intention of training aimed at reducing prejudice.

Challenges and opportunities

There have also been some unintended consequences from the training. With the development of targets for CAT, compliance becomes a driver and this can lead to a particular way of thinking about the course. On the one hand, the provision of CAT in agreements has ensured its delivery, and on the other the pressure on RTIO employees to attend contributes to a focus on meeting targets rather than on the quality of learning. Under this circumstance the courses may not be meeting all their intended objectives, or be having a universally positive impact on participants. This suggests that local and cultural awareness training should be periodically reviewed to ensure it is meeting its purpose.

Another consequence of the inclusion of CAT in Participation Agreements has been the loss of existing CAT providers who are not TOs. The Agreements require training providers to be TOs, limiting the pool of providers that RTIO can use when TO presenters cannot attend.

6.2.4 Organisational support

While local and cultural awareness training can provide many benefits to the workforce it is also important to consider other ways in which to instil local Indigenous awareness throughout the organisation. Companies with successful IETED strategies are characterised by²⁶:

- An executive leadership team that has publicly committed to improving IETED outcomes and provides adequate financial and human resources to back this commitment
- A commitment to the development of honest and transparent relationships with Indigenous peoples
- Corporate champions who have influence within the operations management team to ensure IETED remains on the corporate agenda
- Suitably qualified, skilled, informed and committed personnel in training and liaison positions who are respected by the local Indigenous community.

7. Enterprise development

7.1 Making Indigenous enterprise opportunities accessible

Indigenous businesses face many barriers to in accessing supply chain opportunities. One common challenge is the small populations; lack of services, poor infrastructure and high transportation costs that characterise the rural and remote communities where resource development commonly takes place. Another is the limited knowledge and skills on how to start and grow a business in indigenous communities who live in these regions. Access to education and training opportunities is particularly difficult in remote regions.

Resource companies adopt a number of approaches to overcome these challenges and make business development opportunities accessible. These include modifying standard procurement practices, providing employment and training opportunities and supporting capacity building exercises for Indigenous SMEs.

7.1.1 Modifying procurement practices for Indigenous SMEs

Some resource companies have opted to modify standard procurement practices around tendering for Indigenous businesses either as a means of reaching negotiated targets, or because they recognise the barriers Indigenous people face. These practices include:

- Letting minor contracts that can be negotiated directly between the company and the Indigenous business, without entering into formal tendering processes. Examples of contracts that can be managed in this way are services such as maintenance (light vehicle maintenance, weeding and bush clearing, waste collection, cleaning) construction (landscaping, roads), hospitality (accommodation, catering) and rental services.
- Unbundling larger contracts into smaller work packages so that small businesses can compete. This will require extensive consultation with procurement teams so that these opportunities can be identified early enough in the tender process for these packages to be set aside.
- Use weighing and premiums to giving preference to local and Indigenous suppliers in competitive tendering processes, and to non-local suppliers that source locally or enter into joint ventures with local businesses.
- Providing support in fulfilling the requirements of the tender preparation process, either directly, or by partnering with another organisation.
- Facilitating workshops to provide information about upcoming procurement opportunities and how to access the company's procurement system. These sessions should also include a statement of the company's expectations in terms of the quality and detail expected in tenders and the evaluation criteria that will be used to award successful tenders.

It is also important to consider other ways of providing assistance to Indigenous SMEs, beyond the tender stage, if they are to be sustainable businesses in the longer term. Options include:

Embedding targets and commitments into Indigenous Agreements As discussed previously, formal, contractual obligations to meet targets for IETED, aligned with appropriate KPIs, are powerful incentives for companies, and their suppliers, to focus on creating and supporting opportunities for Indigenous enterprise development. When operating in Indigenous territories these targets will often be a mandatory requirement in negotiated access agreements.

Offering life-of-project-contracts to Indigenous SMEs at the feasibility stage If Indigenous SMEs with potential are identified at an early stage and an ongoing relationship established, there is time to develop capacity building strategies and provide training to enable the business to grow.

Encouraging larger Indigenous businesses to partner with tier one and tier two contractors so that they can gain experience in managing major businesses to compete in the global supply chain.

Partnering with others Collaboration between a resource company, joint venture partners, major contractors, government agencies and development institutions is highly recommended. The resource company brings catalysing intent and project management, and other parties bring their own specialised skills.

Economic development clusters Cluster development is identified by Porter and Kramer²⁷ as the best option for the resource sector to deliver shared value and secure societal support. A cluster is a geographic location where business, technical and financial support is collaboratively focused to nucleate competitive economic development. Clustering allows local SMEs to access other clients and markets. The benefits of clusters lie in their ability to reduce risk for the resource company by sharing it across other companies and sectors, enabling faster ‘normalisation’ of project hubs.

In the Pilbara in Western Australia, Rio Tinto Iron Ore (RTIO) has been instrumental in establishing an Aboriginal mining services cluster that include more than 100 Aboriginal businesses. The services they provide include:

- Civil and mining construction, plant hire and labour hire
- Accommodation and catering
- Building trades, carpenters, electricians
- A building fabrication, fit out and refurbishment
- Fencing, landscaping, plant nursery and site rehabilitation

²⁷ Porter, M & Kramer, M 2013, *Creating shared value: how to reinvent capitalism – and unleash a wave of innovation and growth*, *Harvard Business Review*, viewed 25 February 2014, http://www.waterhealth.com/sites/default/files/Harvard_Business_Review_Shared_Value.pdf

- Rubbish removal and recycling
- Bio diesel
- Cross cultural awareness training.

In 2012, contracts offered ranged from A\$50,000 to A\$1 million and RTIO spent more than A\$120 million on contracting, enterprise development and capacity building with Aboriginal businesses.²⁸

The success of this cluster is dependent on a number of factors:

- The existence of a mature resources sector, with major resource companies operating in the region. These mining companies have a large customer base and support a well-developed mining services sector, including multinational EPC contractors.
- Geographical proximity. This cluster is centred on RTIO's mining operations in the Pilbara region.
- Entrepreneurship and management skills. Successful clusters depend on business owners with entrepreneurial instincts. And novice entrepreneurs benefit from the support of other entrepreneurs. Several of the Pilbara businesses were established by ex-employees of RTIO, who identified a business opportunity in contracting services back to the company.
- Existence of a skilled workforce plus training infrastructure. RTIO has invested significant resources in developing the skills base of TOs and partnered with local organisations to deliver technical and business management skills to local aboriginal businesses.
- Access to innovation and R&D capacity through other, larger companies operating in the region. For example, RTIO has encouraged joint ventures between smaller aboriginal businesses and its tier one and two contractors as a means of capacity building.
- Networking and partnership relationships. Information, new ideas and opportunities are created through collaborative efforts between RTIO, its companies within its supply chain, training providers and TOs.
- Access to adequate sources of finance. Sometimes this comes from microfinance lenders for small business start-ups; often RTIO has supported its Aboriginal businesses in accessing financing from major lenders.
- Support. Cluster businesses need a commercial orientation, but they also need support from governments, industry groups and customers. The mining boom fostered large injections of funding for services and infrastructure development in the Pilbara by the local and state governments and the

²⁸ Satchwell, I 2012, *Building mining services clusters in Australia* Peru International Gold Symposium, viewed February 2014, <http://im4dc.org/wp-content/uploads/2012/01/Peru-InternationalGold-Symposium-and-Silver-Forum-Building-Mining-Services-Clusters-in-Australia1.pdf>

industry itself. Many Rivers (case study 9) is an example of a micro- financing NGO that provides assistance to Indigenous business start-ups.

CASE STUDY 9: ACCESSING FINANCE²⁹

MANY RIVERS

Many Rivers (MR) is a micro-finance and enterprise development NGO. Although not targeted exclusively at Indigenous businesses, the MR model has proven very effective in a number of Indigenous communities. MR provides entrepreneurial people who cannot access traditional financial support with small repeat loans that enable them to establish a small business. It focuses on the development of a grass-roots market place economy by supporting a range of business enterprises. This is particularly attractive to Indigenous entrepreneurs in resource-dependent regions where the primary business opportunities revolve around mining. MR is successful because:

- Its field officers will only go to communities if they are invited by the community and funding organisations. They live and work in the region, providing business development support in the community and accompanying the entrepreneur through the 'ups and downs' of starting a new venture. Their approach is personalised, driven by individual needs and goals. Field officers take time to understand their client's concerns and establish confidence and trust.
- MR can provide rapid access to finance –character-based lending, with no collateral required. Indigenous businesses are typically unable to meet the credit requirements of mainstream banking and experience financial exclusion.
- MR has a strategic partnership with Westpac, providing its clients with access 'real' Westpac business loans, which enables clients to build a credit history with a major bank.
- MR is responsible for providing people with the initial and ongoing business support and for making the microfinance lending decision. If people have difficulty making consistent repayments, MR assumes responsibility and continues to work with the client to support them in repaying the loan.
- Through its strategic alliance with Westpac, MR's Indigenous clients are also able to apply for funding from the Commonwealth's Capital Assistance Scheme (ICAS), which provides interest subsidies on Westpac business loans of \$20,000 to \$500,000 to Indigenous business owners, and access to up to \$23,000 of professional advice.

MR has provided support for a variety of Indigenous businesses; a mobile Bush tucker provider, lawn mower business, a bus service, jewellery maker, artists and writers. Its work is made possible by the financial support of philanthropic donors and foundations, along with corporates, Indigenous corporations and government partners. In 20012/13, 11% of its funding was derived from Indigenous corporations, attesting to the value they see in the services that MR offers.

²⁹ Many Rivers, 2014. *Many Rivers National Program Overview March 2014 draft, Indigenous client stories, Westpac and Many Rivers Strategic Alliance*, Personal Company Documents.

Providing assistance in accessing finance In countries where the finance sector is poorly developed, NGOs may assist Indigenous SMEs to access micro-finance. In countries like Australia, Canada and the US, where there is a well-developed finance sector, many entrepreneurs in remote areas are also prevented from accessing formal financial institutions (e.g. banks) because of their inability to meet stringent loan conditions, such as collateral requirements. Resource companies can assist in facilitating access to finance through Agreements that contain commitments to contracting the SMEs, which Indigenous business owners can then present to their banks. Other forms of financial assistance include; cash advances to enable the purchase of raw materials and expedited payment of invoices.

7.1.2 Training and Development needs of Indigenous business

Indigenous suppliers often lack the capacity to meet the prospective demand of major projects. Building the capacity of Indigenous businesses can be achieved by implementing a training plan that ensures suppliers can grow and improve their business to access and retain contracts. Examples of topics for a training plan include:

- how to prequalify for tenders
- gaining supplier certification
- training re the company's specific requirements around its management systems for HSSE
- provision of consultancy support to develop HSSE plans and systems. Sometimes this will be accompanied by financial investments by the company to help businesses meet these requirements. The costs associated with these arrangements are usually factored into Agreements with TOs. An example of this kind of support is when funding is provided to enable an Indigenous contractor to install vehicle monitoring systems into its vehicles so that they meet company requirements for gaining a trucking contract
- other, more generic training usually focuses on aspects such as: business management, quality management, sales and marketing, environmental management and finance and administration.

The International Finance Corporation has developed a SME toolkit³⁰ that may also be useful to Indigenous enterprises. The SME toolkit offers free training, self-assessment exercises and other resources that can be used by trainers and by Indigenous businesses themselves.

³⁰ International Finance Corporation (IFC) and IBM 2013, *SME toolkit: build your business*, viewed 25 February 2014, <http://www.smetoolkit.org/smetoolkit/en>.

7.1.3 Building SME capacity

Resource companies build capacity in Indigenous SMEs via three main mechanisms, which are not mutually exclusive:

- **Buying in expertise.** This is done by hiring staff or consultants with relevant experience. However, it is often difficult to find the right people, mainly because the skills set is highly specialised – expertise in Indigenous engagement, good local knowledge (of the SME business environment, and local networks) and the ability to train and mentor Indigenous SMEs.
- **Establishing a dedicated procurement team** that incorporates local content and support for Indigenous business development from the project feasibility stage. This is the time when construction and operational specifications are written and contracts drafted and put out to tender. Funding a dedicated team from this early stage ensures opportunities to capture IETED through major contractors are achieved.
- **Partnering with other organisations.** This is the preferred option for most resource companies. Training and business development is not their core business, so it can make sense to partner with experts in the field. Section 8 discusses partnering in more detail.

8. Partnering on IETED initiatives

Oil, gas, and mining companies often partner with other agencies, such as governments, NGOs and local service providers to deliver IETED programs. There are a number of factors to take into account before entering into a partnership agreement.

8.1 Advantages and disadvantages of partnering

Oil and gas companies choose to partner for the following reasons:

- **To minimise risk.** Training and enterprise development are not core competencies for most companies, and it is more effective to partner with others to provide the training and development expertise required to deliver successful programs.
- **To access additional resources, such as governments and development agencies, to fund IETED programs.** The quality of training and development programs can be enhanced with access to greater funding and broader expertise.
- **To build internal company expertise.** Projects with other gas companies, training providers and procurement teams can help build expertise in the IETED arena. Networking to find out more about local service providers and the range of programs already on offer, to discuss common problems, identify different approaches to training and SME development are powerful strategies to build internal capacity.
- **To enhance the company's reputation with the local community.** Partnerships, for instance with local and national 'Business Councils', can be a more influential form of stakeholder engagement than traditional information exchanges and public consultation programs because they involve joint action. When negotiated successfully, they lead to closer, more trusting working relationships and the act of working together to achieve common goals demonstrates mutual commitment.

However, partnering also has its limitations. In particular, it involves high transaction costs (time and human resources) so it is important for companies to consider the degree of investment they are prepared to make, and to select the partners that will contribute most effectively to the achievement of corporate goals.

As well as the range of partner choices, there are also many partnering options, including *financial or in-kind support* for programs being run by other organisations, *co-development* of programs that others will run (e.g. contractors) and *equal partnerships*, which means shared responsibility and authority in the design, execution, and monitoring of the program. Each partner will have their own primary goals and ways of working – understanding these differences is what adds to the transaction costs – but understanding these differences is necessary to negotiate and navigate the collaboration.

8.2 Partnering with government

There are significant advantages in partnering with government on IETED initiatives. Governments have primary responsibility for community development and many have formal development planning processes, particularly in relation to promoting employment opportunities. In many countries, too, national and regional governments can offer legitimacy, capacity building, and scale to development efforts. When government activities are aligned across all levels and when corporate strategies are aligned with government policies, there is the potential to make a significant difference in terms of providing and sustaining IETED initiatives.

Governments, however, can vary in their capacity, credibility, and transparency and, because they are complex bureaucratic systems, it takes time to understand how they operate. Often, there are multiple agendas, with rivalry between levels of government, agencies and departments, or communication is poor between them. The variety of programs and services offered at the three levels of government means that it is often difficult to identify the key actors, programs and subsidies available, let alone which ones are the most successful. The decision to partner with government is one that will require considerable research and planning. The advantages and disadvantages of partnering with government are summarised in Table 6.

In situations where government authorities lack the experience or the resources to contribute to IETED initiatives, they still remain important stakeholders and should be regularly briefed on company IETED initiatives. Government authorities are valuable sources of local information and they may be able to play an advisory role in planning and initiating IETED strategies. In some cases, too, if government officials identify local benefits from a company initiative, they may be willing to support a pilot program. And if the pilot project is a success, there is the possibility that they will provide further assistance to continue the initiative.

Table 6: Advantages and disadvantages of partnering with government

Advantages	Disadvantages
<ul style="list-style-type: none"> • Policy expertise and the ability to identify links between company needs and government policy 	<ul style="list-style-type: none"> • Variable capacity, credibility, transparency of individuals, agencies and levels of government. Those with the greatest expertise in development programs may have limited authority within government.
<ul style="list-style-type: none"> • Commitment to community development. May be prepared to sustain or scale up project outcomes. May also offer incentives for private sector involvement in IETED initiatives. 	<ul style="list-style-type: none"> • Slow to respond. Internal politics, slow approvals processes and a cautious approach mean that it takes a long time to advance projects with government. If time is an issue, a government partner may not be the best option
<ul style="list-style-type: none"> • Financial resources. A source of additional funding and may also be able to leverage additional funding from third parties. 	<ul style="list-style-type: none"> • Difficult to work as an equal partner with government. They will generally wish to drive the program agenda.
<ul style="list-style-type: none"> • Formal development and planning processes for IETED likely to be in place. 	<ul style="list-style-type: none"> • Difficulties in coordinating activities across government departments/ agencies. There may also be variable commitment and capability between agencies
<ul style="list-style-type: none"> • National and international contacts that may be of benefit to your initiative 	<ul style="list-style-type: none"> • Rigid frameworks which may not align with company objectives

8.3 Partnering with service providers

There is also a range of service providers that partner with resource companies to foster the development of Indigenous SMEs. These partners can include:

- Supply chain partners, such as contractors.
- Service providers such as legal and accounting firms who provide advice on business development, contracts and financing to Indigenous SMEs, accredited training providers, and microfinance lenders.
- Civil society and community organisations, including international donor organisations, such as the International Finance Corporation and DFID.
- Local Indigenous SMEs such as Aboriginal corporations that provide cultural awareness training or cultural heritage services.

There are many advantages to partnering with training providers and NGOs, for example. Training providers may already have developed programs that will be suitable and like NGOs, will know their local clientele. It makes sense to partner with these providers and capitalise on existing expertise. This is the reason that resource companies regularly consult with well-regarded NGOs when they move to a new country or the first time. However, building trust between very different types of organisations can be a challenge and takes a significant investment of resources.

Table 7 summarises the advantages and disadvantages of partnering with civil society organisations.

Table 7: Advantages and disadvantages of partnering with civil society organisations

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> • Reduce conflict or enhance capacity to manage conflict. News of IETED opportunities may encourage rivalry between different Indigenous groups, leading to conflict. A well-respected NGO that understands local issues may be able to assist in managing conflict between groups. 	<ul style="list-style-type: none"> • Trust: NGOs are often concerned that they cannot trust resource companies or that by engaging with them, they will be opening themselves up to stakeholder criticism.
<ul style="list-style-type: none"> • Access to Information. Companies operating in frontier regions for the first time face the challenges of new cultures, laws, and languages in trying to implement IETED initiatives. Civil society and community organisations can be helpful information sources, e.g. regarding local labour rights practices, workplace conditions, education, training and business development needs, social and cultural issues, and the local political and economic environment 	<ul style="list-style-type: none"> • Significant investment of time. To build relationships, develop trust and gain information.
<ul style="list-style-type: none"> • Enhance credibility. Strong relationships with well-respected civil society organisations have helped many companies build their reputation as responsible corporate citizens. 	<ul style="list-style-type: none"> • Impact on reputation if the partnership does not go well
<ul style="list-style-type: none"> • Increased sense of transparency. 	<ul style="list-style-type: none"> • Exposure. Some NGOs may demand a level of transparency of the work with which the company is not comfortable.
<ul style="list-style-type: none"> • Create skills for local economic development 	<ul style="list-style-type: none"> • Lack of sophistication. Local community organisations are likely to be relatively unsophisticated in dealing with international companies. Similarly, NGOs may not have the scale or may require significant support to deliver the types of programs required.

9. Monitoring performance

Good practice in IETED requires a commitment to performance monitoring so that the effectiveness of any programs can be evaluated fairly and programs improved.

9.1 Indigenous employment and training

A management system for Indigenous employment should include the metrics listed in Table 8. For more detailed metrics, see the CSRM *Indigenous Employment Evaluation Tool*.³¹

Table 8: Sample metrics to include in a management system

TOPIC	DATA
1) Current and historical data	<p>Prior to beginning IETED it is important to establish a baseline to measure progress, as well as at regular (at least six monthly) intervals. This data can include:</p> <ul style="list-style-type: none"> • The proportion of the workforce that is Indigenous • The number of Indigenous employees (male and female) • Number of local and non-local Indigenous employees • Position type e.g. permanent, contractor, part/ full time and roles (e.g. truck driver, etc.) • Full time equivalent calculations • Turnover rates
2) Retention	<p>Career development</p> <ul style="list-style-type: none"> • Individual aspirations, development conversations, plans and opportunities and if they have been acted upon and/or completed. <p>Exit interviews</p> <ul style="list-style-type: none"> • The reasons people leave • Actions planned and taken to address issues identified. • Evidence of the system functioning for Indigenous people, e.g. indigenous exit interviews are conducted on a consistent basis. <p>Cultural awareness</p> <ul style="list-style-type: none"> • Records and monitors all induction attendance
3) Contractors	<ul style="list-style-type: none"> • Contract tendering requirements for prime contractors include specific targets for Indigenous employment. • Contract tendering and contractor selection processes include a weighting for Indigenous employment • Prime contractors use the operation's Indigenous employment readiness and recruitment systems, procedures and practices.
4) Communication	<ul style="list-style-type: none"> • A documented process for regular formal communication across the relevant levels and functions of the operation about its Indigenous employment programs and initiatives exists. • A documented process for regular formal communication with external stakeholders exists. • Evidence confirms that the process is being followed.

³¹ Tiplady, T & Barclay, MA, 2007, *Indigenous employment evaluation tool*, CSRM, viewed 25 February 2014, [https://www.csrn.uq.edu.au/docs/Evaluation%20Tool WEB.pdf](https://www.csrn.uq.edu.au/docs/Evaluation%20Tool%20WEB.pdf)

TOPIC	DATA
5) Corrective and preventative actions	<p>The register records:</p> <ul style="list-style-type: none"> • Instances of non-conformance or non-compliance with IETED provisions in agreements with Indigenous Peoples and/or legislative requirements • The nature and number of complaints and requests from Indigenous employees • The process for managing complaints and requests the outcomes of the process.
6) Assessment/audit	<p>A documented process for conducting an internal/external audit of its Indigenous employment policies and procedures</p> <p>Included in the internal/external audit is a review of:</p> <ul style="list-style-type: none"> • policy objectives • strategic plans • Agreement requirements <p>Included in the external audit is a review of:</p> <ul style="list-style-type: none"> • Indigenous employment standards • relevant legislation.
7. Management review	<ul style="list-style-type: none"> • A documented process for management review, e.g. minuted meetings and actions. • Actions are reviewed and closed out.
8. Records	<ul style="list-style-type: none"> • Records from external assessments/ audits or reviews of complaints are kept. • Tracks and completes action items identified in reviews or assessments

9.1 Enterprise Development

When developing metrics for Indigenous enterprise development programs, it is critical to consider the possibility of unintended adverse impacts of choosing inappropriate metrics. For example, local people are often drawn from other businesses and much-needed services in the area, or targeting particular groups can negatively affect social cohesion. However, it is often difficult to demonstrate the long term impact due to the increased probability that changes have been brought about by a range of other factors apart from the program itself. One way to address this is to develop both 'hard' evidence of outcomes balanced against the costs of obtaining this information, and 'soft' (or proxy) measures of program impact. For example, as well as baseline measures it is valuable to capture evidence of the change brought about in partner organisations.

Of critical importance is to ensure that there is stakeholder engagement in the development of the evaluation design including indicators, measures, and how the data will be collected and disseminated. This will provide opportunities for dialogue, learning and reflection, encourage ownership, and increase the likelihood that findings will be acted upon. Table 9 provides some examples of performance measures.

Table 9: Performance measures for SME development

METRICS
<ul style="list-style-type: none">• SMEs total sales• SME profitability• Markets accessed by SMEs• Procurement budget of SMEs• Percentage of SMEs' sales with company• SME investment in employee training• Company procurement spend as a proportion of overall procurement in the area• Access to credit• Number of SME competitors• Level of demand from producers of complementary goods and services• Number of local suppliers to SMEs• Level of employment and production in the community• Local purchasing power• Level of participation of other large-scale companies in local business and community development• Level of participation of suppliers in community development

Source: Esteves, AM, Brereton, D, Samson, D & Barclay, MA 2010

10. The QGC/ Bechtel Indigenous Employment & Training (IET) Collaboration

Setting the context

Curtis Island, near Gladstone in central Queensland is home to one of the largest capital infrastructure projects in Australian history. Three plants that turn coal seam gas into liquefied natural gas (LNG) are currently being built. The three projects are the QGC Queensland Curtis LNG project (QCLNG), the Santos/Petronas/Total/Kogas GLNG project, and the ConocoPhillips/Origin/Sinopec Australia Pacific LNG plant. The QCLNG project is the largest, and furthest advanced of these construction projects.

Queensland Gas Corporation (QGC) is BG's wholly owned Australian-based company developing Queensland's vast coal seam gas resources. The QGC Queensland Curtis LNG project (QGC QCLNG) is one of Australia's largest capital infrastructure projects, involving US\$20.4 billion of investment from 2010-14.

Bechtel Corporation is a United States-based contractor and one of the largest engineering, construction and project management companies in the world. Bechtel is the head (tier 1) contractor for all three LNG plants on Curtis Island. This represents the greatest concentration of Bechtel projects anywhere in the world.

Opportunities and expectations

The Curtis Island projects are unique in terms of the terms of scale, scope, and intensity of industrial activity in a regional centre. Expectations were high for the projects to create job opportunities for many Australians. Indigenous people's expectations were also high as LNG proponents had signed ILUAs with TO groups. A major component of these Agreements was a commitment to IETED. Moreover, as a condition of the projects going ahead, the Queensland Government required QGC to complete a Social Impact Management Plan (SIMP), with obligations to provide significant IETED opportunities.

The business case

From QGC's perspective, the business case for IETED was clear. Fulfilling the commitments to ILUAs was necessary to gain access to land as per the provision in the Native Title Act and meeting SIMP obligations was a condition of government approval for the QCLNG project to proceed. The challenge for the company was meeting the targets for IETED.

QGC approached Bechtel to collaborate on its Indigenous employment program because they recognised the vast majority of employment opportunities were with their tier 1 contractor. Since the construction stage was where thousands of job opportunities were being created, this was where QGC could potentially offer employment to the largest numbers of Indigenous employees. As the head

contractor, Bechtel was responsible for letting out all sub-contracts on the LNG facility and could push Indigenous employment opportunities throughout its supply chain.

The requirement for such a large construction force created the potential for Indigenous employment opportunities that had never existed before. However, engaging and briefing Aboriginal people on the development represented a significant challenge for the operator. At this stage, QGC assisted Bechtel in improving their recruitment processes to identify potential recruits more efficiently.

The challenges of collaboration

When QGC approached Bechtel about the collaboration, it had two prime objectives:

- to increase Indigenous employment in its supply chain to meet its commitments and,
- through the process, to identify future QGC employees. QGC was interested in identifying promising Indigenous employees interested in permanent roles at the LNG plant, once it became operational.

IETED was a business priority and QGC was committed to expending significant resources on achieving these key objectives. However, there were a number of hurdles to be overcome before the collaboration could proceed. First, major contractors typically leave social compliance aspects of large scale infrastructure projects to the project proponent. The QGC/ Bechtel contract was no different in this regard. No requirements for IET had been written into the head contract, so there was no incentive for Bechtel to take on the additional costs and risks associated with establishing an IET program.

Moreover, Bechtel was facing significant challenges of its own and IET was not a priority. The award of all three Curtis Island contracts meant a project management task of unprecedented scale. Getting the numbers of workers required in a tight time frame to service LNG projects at different stages of development was a huge undertaking. Investing in IET could provide work-ready employees they desperately needed, but it would take skills and expertise the company did not possess to bring Indigenous employees up to speed quickly enough.

Despite these challenges QGC remained convinced that the two companies could collaborate on IET to their mutual advantage. Bechtel was open to the collaboration and QGC believed that its IETED targets could be met unless if it could drive alignment with its head contractor.

The IET strategy

Critical elements of QGC's Indigenous employment strategy were to:

- Develop a detailed understanding of the dynamics of the local context including the size and scope of the project, the key individuals and contracting firms involved, and the variable labour demands.

- Identify the opportunities for Indigenous engagement in a dynamic operating environment.
- Invest significant resources in creating and developing its own IETED team so that it could support Bechtel and drive alignment between the two companies.

Implementation

Establishing the baseline

The first step in implementing the collaboration was to conduct a broad assessment of the Indigenous labour market. Based on the fact that Gladstone was already a heavily industrialised area, it was thought a ready cohort of Indigenous workers with some relevant experience was likely to exist in the region already. The assessment began with a broad scan of the Gladstone region to identify Aboriginal people currently employed or not employed but with the skills required. The aim was to identify Indigenous people who already had some relevant skills and might be interested in further training to take advantage of opportunities in LNG arena.

Since limited local area statistical data were available on Indigenous employment rates, the scan primarily involved personal networking. QGC's Employment, Training and Business Development Coordinator had an impressive range of contacts across central Queensland and an in-depth knowledge of the Indigenous training sector. At the same time, consultations were also carried out with TO groups to identify potential recruits.

Bechtel's internal HR systems

The baseline scan identified many potential recruits yet few were applying for work with Bechtel. When management examined this discrepancy, they found that Indigenous people were not effectively tapping into the processes that Bechtel used to source its workforce. Bechtel's HR division used mainstream recruitment practices – no phone contact is supplied for initial enquiries and all potential recruits are directed to a website to submit job applications:

If you rang QGC, or Bechtel, for a job, you would be given Bechtel website. That's the first point of contact. It is a lengthy process too. First put in an expression of interest after inputting all this data about yourself. Although standard practice for many firms, the recruitment process was part of the barriers. Result - you don't register.

A second problem with the online application system was that there was no question that asked applicants to state whether or not they identified as Aboriginal or Torres Strait Islander (ATSI) people. This meant that it was impossible to identify Indigenous applicants, let alone whether or not they were connected to any of the four TO groups affected by the QCLNG project. Since TO groups were to be given preference, this was a major omission.

Finally, trust was an issue. Over the years Indigenous people had generally sat on the periphery of Gladstone's economic development. There was little relationship with Bechtel and some potential recruits lacked confidence to approach the company for work.

Leadership and support for collaboration

Through the collaboration, QGC's Employment Training and Business Development Coordinator worked closely with key Bechtel personnel to address the barriers to Indigenous participation. A critical leadership role was played by the General Manager of Bechtel's Gladstone's operation, who championed the business case for increased Indigenous employment within the company and argued that it was fundamentally as the "the right thing to do". This support at the senior level meant that Indigenous employment gradually became accepted internally as a corporate-wide objective.

Bechtel appointed a dedicated Indigenous Relations Manager to support its commitment to IETED. The person chosen was a dedicated and experienced Aboriginal man who was also a member of one of the TO groups. He worked with the General Manager to achieve the necessary behavioural change to gain acceptance of IETED as a business imperative. One of the first tasks was to adapt recruitment processes. The Indigenous Affairs Manager worked with HR to develop a recruitment process that would recognise Indigenous candidates and revised the selection criteria to give a preferential weighting to them.

QGC maintained a supportive presence through this period. The IETED Coordinator made a point of visiting the Bechtel office every third week. His regular presence demonstrated the commitment to IETED and his support for Bechtel's Indigenous Relations manager. QGC also offered practical financial support. This included partial funding for the IR Manager's position, funding for some training programs and for the employment of Indigenous mentors. Some other costs met by QGC included:

- payment for employment and training programs if the programs were delivered by an Indigenous-owned business
- placement of a full-time Indigenous mentor in Gladstone to support Bechtel employees
- resourcing a skills audit, and
- marketing and promotions.

QGC and Bechtel also collaborated on initiatives in the Indigenous community to raise awareness of the initiative. This included facilitating community meetings where Indigenous people could register their interest in working for Bechtel.

Encouraging workplace behavioural change

As QGC and Bechtel worked to increase the numbers of Indigenous employees and trainees across the QCLNG project, the focus was on encouraging workplace behavioural and attitudinal change, rather than setting hard performance targets. There was a risk that Indigenous people would be set up to fail in a hard-line approach was enforced. The aim was to ensure that the selection process identified Indigenous people who possessed relevant skills and experience but struggled to get into the business through traditional channels, and to encourage supervisor participation in the process.

“We didn’t want a response from supervisors that we are just doing it [Indigenous employment] because corporate said there was a number. This doesn’t change the culture of the business. We got the cultural change to do this properly because it was good for the business, this is at the heart of the solution. The benchmarks weren’t lowered, the Indigenous candidates we selected on the basis of what they had to offer and knowledge that can make a valuable contributions to the business”.

Indigenous employment achievements

Bechtel’s Indigenous participation rates have improved significantly as a result of the collaboration between QGC and Bechtel over the QCLNG project. By September 2013 213 Indigenous people were employed by Bechtel across all three LNG sites on Curtis Island, compared with 33 in August 2012. Of the 213 employees, 79 were working on construction of the QCLNG plant.

These achievements owe much to the commitment and drive demonstrated by key personnel at QGC and Bechtel, and to QGC’s commitment to relationship building. These successful outcomes can also be attributed to:

- QGC’s constant environmental scanning and organisational agility. The willingness to adapt strategies as soon as new employment opportunities were identified has been critical to success.
- The selection of qualified and experienced personnel to lead the initiative and champion IETED within both organisations.
- Adapting management systems and ensuring employment and training data is up-to-date.
- The provision of appropriate resources – financial and personal - to make the necessary corporate changes.
- Celebrating successes along the way. This proved to be a powerful way to encourage corporate behavioural change and spread appreciation within the Indigenous community of the possibilities and opportunities available. Individual success stories were promoted widely within the companies and the Indigenous community and were also recognised in the wider community through stories and photographs published in the regional media.

Key lessons

The collaboration has also brought home some key messages to QGC. First, the importance of having a contractual arrangement in place with the tier one contractor to drive IETED cannot be overstated. This did not exist when QGC and Bechtel began the collaboration but alternative processes have been instituted subsequently. Indigenous Participation Plans have been put in place with Bechtel’s sub-contractors to ensure alignment throughout QGC’s supply chain.

Second, pre-planning is important so that enough time is allowed to identify and train Indigenous recruits for upcoming roles. When the QGC/Bechtel collaboration began, QGC was lagging on its IETED commitments to government and TOs, so there was pressure to get results immediately. This led to the decision to initially source Aboriginal people already in the workforce in the Gladstone region, who could be trained relatively quickly to work on LNG projects. This, however, is not a sustainable approach to IETED. It is essential to find ways to expand the Indigenous labour pool and extend opportunities to under-employed or unemployed groups if the achievements so far are to be maintained.

Third, having appropriate management systems in place to readily identify the Indigenous status of candidates and their work history makes the recruitment task much easier. It also enables the effective monitoring and management of Indigenous employment outcomes and simplifies the reporting task. Collecting data on employees' pre-employment status, training and career progression also enhances the ability to document and report positive social outcomes.

Finally, the achievements of this collaboration relied significantly on the efforts of qualified and experienced personnel to drive the initiative. The range of skills required to manage the project was extensive and it took QGC several years to find the right people who could champion the case internally, as well as form good working relationships with Indigenous communities and contractors. Another lesson from this collaboration is that it is important to have these personnel in place early to start developing IETED.

The QGC/ Bechtel collaboration has been successful in creating opportunities for Indigenous people that did not exist before, and in a relatively short time frame. The challenge for the future is to keep those Aboriginal people connected to the workforce, through further work opportunities in the construction sector or via further education and training, as construction activities at Curtis Island gradually wind down.

10. References

- Arbelaez-Ruiz, D, Parmenter, J & Barclay, MA 2013, *Documenting and Reviewing QGC's Indigenous Employment, Training and Business Development Initiatives*, CSRM
- Brereton, D & Parmenter, J 2008, 'Indigenous employment in the Australian mining industry', *Journal of Energy and Natural Resources*, vol. 26, no. 1, pp. 60-90.
- Brereton, D & Taufatofua, R 2010, *Good practice in mentoring of indigenous employees*, CSRM, viewed 25 February 2014, <http://www.csrn.uq.edu.au/docs/Final%20mentoring%20web%20paper.pdf>.
- Cameco 2012, *Case study: Aboriginal engagement*, viewed 25 February 2014, http://www.cameco.com/sustainable_development/2012/supportive_communities/case_studies/aboriginal_engagement/.
- Energy Skills Queensland (ESQ) 2014, viewed 25 February 2014, <http://www.energyskillsqld.com.au/>.
- Esteves, AM, Brereton, D, Samson, D & Barclay, MA 2010, *Procuring from SMEs in local communities: a good practice guide for the Australian mining, oil and gas sectors*, CSRM, viewed 25 February 2014, <https://www.csrn.uq.edu.au/publications/procuring-from-smes-in-local-communities>.
- Lenegan, C 2009, *The minerals sector and Indigenous relations*, viewed 25 February 2014, <http://www.atns.net.au/papers/Lenegan.pdf>.
- The International Council on Mining and Metals (ICMM) 2010-13, *Good practice guide: indigenous peoples and mining*, viewed 25 February 2014, <http://www.icmm.com/page/51914/news-and-events/news/articles/guide-on-mining-and-indigenous-peoples-available-to-download>.
- International Finance Corporation (IFC) 2011, *A guide for getting started in local procurement: for companies seeking the benefits of linkages with local SME*, viewed 25 February 2014, http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_guidetogettingstartedinlocalprocurement_wci_1319579447675.
- International Finance Corporation (IFC) and IBM 2013, *SME toolkit: build your business*, viewed 25 February 2014, <http://www.smetoolkit.org/smetoolkit/en>.
- International Labour Organisation (ILO) 1989, *Convention 169: indigenous and tribal people's convention*, viewed 25 February 2014, <http://www.ilo.org/indigenous/Conventions/no169/lang-en/index.htm>.
- Leading Practice Sustainable Development Program for the Mining Industry 2007, *Working with Indigenous communities*, viewed 25 February 2014, <http://www.innovation.gov.au/resource/Documents/LPSDP/WorkingIndigenousCommunities.pdf>.
- MacCallum, J & Brooker, M 2006, *A review of training for participation in mentoring: The preparation and support of mentors and mentees*, Deakin West, ACT, <http://researchrepository.murdoch.edu.au/9458/>.

Many Rivers, 2014. *Many Rivers National Program Overview March 2014 draft, Indigenous client stories, Westpac and Many Rivers Strategic Alliance*, Personal Company Documents.

Ngarda Civil and Mining 2013, viewed 25 February 2014, <http://www.ngarda.com.au/projects/past>.

Parmenter, J 2013, 'RTIO Aboriginal cultural awareness training', MA thesis, University of Queensland

Porter, M & Kramer, M 2013, *Creating shared value: how to reinvent capitalism – and unleash a wave of innovation and growth*, *Harvard Business Review*, viewed 25 February 2014, http://www.waterhealth.com/sites/default/files/Harvard_Business_Review_Shared_Value.pdf

Revenue Watch Institute 2013, *Enhancing the subnational benefits of the oil, gas and mining sectors: local content initiatives*, viewed 25 February 2014, http://www.revenuewatch.org/publications/fact_sheets/local-content-initiatives-enhancing-subnational-benefits-oil-gas-and-mining.

Rio Tinto Australia, *Aboriginal policy and programmes in Australia*, viewed 25 February 2014, http://www.bsl.org.au/pdfs/RioTinto_Aboriginal_Policy_and_Programmes_in_Australia.pdf

Rio Tinto Australia 2014, *Aboriginal Indigenous cadetships*, viewed 25 February 2014, http://www.riotinto.com.au/ENG/careers/1325_austrian_indigenous_cade_tships.asp.

Rio Tinto 2012, *Nominee: Terry Palmer Award for Innovation*. Internal company document

Satchwell, I 2012, *Building mining services clusters in Australia' Peru International Gold Symposium*, viewed February 2014, <http://im4dc.org/wp-content/uploads/2012/01/Peru-InternationalGold-Symposium-and-Silver-Forum-Building-Mining-Services-Clusters-in-Australia1.pdf>

SCRGSP (Steering Committee for the Review of Government Service Provision) 2011, *Overcoming Indigenous disadvantage: key indicators 2011*, viewed 25 February 2014, http://www.pc.gov.au/_data/assets/pdf_file/0018/111609/key-indicators-2011-report.pdf.

SNC-Lavalin 2014, *Cementation Canada and the Morris Group sign Memorandum of Understanding with the First Nations to launch the First Nations Mining Corporation*, viewed 25 February 2014, <http://www.snclavalin.com/news.php?lang=en&id=2331>.

Tiplady, T & Barclay, MA 2007, *Indigenous employment in the Australian minerals industry*, CSRM, viewed 25 February 2014, <https://www.csrn.uq.edu.au/publications/indigenous-employment-in-the-australian-minerals-industry>.

Tiplady, T & Barclay, MA, 2007, *Indigenous employment evaluation tool*, CSRM, viewed 25 February 2014, https://www.csrn.uq.edu.au/docs/Evaluation%20Tool_WEB.pdf

United Nations (UN) 2007, *United Nations declaration on the rights of Indigenous peoples: resolution adopted by the General Assembly 61/295*, viewed 25 February 2014, http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf.