

Celebrating innovative business partnerships

In 1997 the signing of the landmark Yandi Land Use Agreement between Hamersley Iron Pty Ltd* and Gumala Aboriginal Corporation marked a turning point in relations between resource companies and Aboriginal people. A major intention of the Agreement was to ensure that local Aboriginal people benefit from opportunities created through mining activity on their traditional lands. A collaboration between Rio Tinto, Compass Group and local Aboriginal organisations across the Pilbara is helping to achieve this important goal.

(*Hamersley Iron is a wholly owned subsidiary of Rio Tinto)



“Partnerships that engage with Aboriginal people and groups are fundamental to doing business in Western Australia. The Compass Group association with Rio Tinto is one such example. My sincere thanks and congratulations to all who continue to make these partnerships a success.”

SAM WALSH AO

Chief executive - Iron Ore and Australia

Joint ventures a sound strategy

As the world's leading provider of hospitality and support services, Compass Group has enthusiastically embraced Aboriginal joint ventures.

Compass had been successfully operating in Western Australia for over 30 years when the opportunity arose to partner with a local Aboriginal organisation to deliver contract services to Rio Tinto's Yandicoogina (Yandi) mine site in the Pilbara. Rio Tinto wanted to see more Aboriginal people benefit from mining on their country and saw business partnerships as the ideal way for this to occur.

Compass embraced the opportunity and pioneered a business relationship that has been successfully operating for more than a decade.

The relationship Compass formed with Gumala Aboriginal Corporation (GAC) has led to partnerships with other Aboriginal groups across Australia, resulting in seven separate Aboriginal joint venture partnerships for the company. It also heralded a new way of doing business.

The 1998 launch of Compass and GAC's joint venture, ESS Gumala, was also the start of a change in GAC's approach to the way it's able to deliver benefits. Today, profits from the ESS Gumala joint venture are being returned to GAC's business subsidiary, Gumala Enterprises Pty Ltd, on a regular basis.

GAC is continually refining its business model with Compass. Initially, Compass was keen to learn how they

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could adjust their business model to allow for Aboriginal partnerships, according to Steve Mav, chief executive of GAC.

"The focus was very much on the commercial arrangements and throughout the set-up, negotiation and implementation stages we had the full support of Rio Tinto," says Steve.

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Within the Yandi Land Use Agreement, Rio Tinto agreed to make its best endeavours to develop Aboriginal business contracting for Gumala members on their traditional lands. Joint venture agreements enable Traditional Owners and community members to take

part in the economy of the region and to benefit from it in diverse ways.

"The type of partnership that exists between GAC and Compass is extremely important for Aboriginal people in the Pilbara. These business opportunities result in sustainability and intergenerational prosperity for the region," says Janina Gawler, general manager Communities, Rio Tinto.



Pilbara partners in success

The joint venture partnerships

ESS Gumala

Compass Group's partners

Gumala Aboriginal Corporation
(through Gumala Enterprises Pty Ltd)

Rio Tinto contracts

Four active contracts at Rocklea Palms, Kurra Kulli, Paraburdoo G&C, Titree: includes security, catering, cleaning, gardening, health & lifestyle coordination, in-flight/administration

ESS NYFL

NYFL
(Ngarluma Yindjibarndi Foundation)

Two active contracts at Kangaroo Hill and Cape Lambert: includes security, catering, cleaning, gardening, health & lifestyle coordination, in-flight/administration & maintenance

ESS Eastern Guruma

Wintawari Guruma Aboriginal Corporation

Five active contracts at Brockman 4, Brockman 4 Operations, Tom Price G&C, Windawarri, Junndunmannah: includes security, catering, cleaning, gardening, health & lifestyle coordination, in-flight/administration, airport duties, bus driving, maintenance



Employees benefit from joint ventures

Business partnerships can deliver outstanding results for everyone involved.

Joan Ashburton is one of the longest serving Aboriginal employees of Compass Group. She was in the first intake of Compass's pre-employment programme in Paraburdoo in 1998 and went on to work at the Yandi construction site. Today she continues to work for Compass's ESS division at Paulsens Gold Mine in the Pilbara.

"It's good – not only for Indigenous people, but for local people too. It lifts your self-esteem up and takes you off unemployment. It's important for everyone," says Joan.

An increase in self-esteem is hard to measure, but it's evident in small ways in Aboriginal communities where a Compass joint venture operates.

Vince Adams, director Ngarluma Yindjibarndi Foundation (NYFL) and director of ESS NYFL, says the self-esteem effects of a job have been noticed in his community of Roebourne.

"Small things, like you see gardens starting to pop up, you start to see work uniforms on washing lines – you see different things that you haven't noticed in the community before," he says.

Vince says that the increase in school attendance in Roebourne can be partly attributed to the effect the joint ventures have on the town.

"The difference is that kids see mum and dad working, so that's a good role model."

"It's critical that the joint ventures are able to provide a safe, high standard and competitive service to Rio Tinto operations. They have done that, and at the same time enabled Aboriginal people to participate in the economy of the region."

Janina Gawler, general manager Communities, Rio Tinto

Building capacity in the regions

For Aboriginal people in Roebourne, accessing the economic opportunities on their doorstep and building new skills have been a challenge, but joint ventures are helping to change that.

Vince Adams, director Ngarluma Yindjibarndi Foundation (NYFL), is Roebourne born and bred, and understands the difficulties of creating business opportunities in small communities. So in 2003 when global company Compass Group wanted to negotiate a joint venture partnership, it was an opportunity for NYFL to try a different approach.

The business partnership between NYFL and Compass began operating as ESS NYFL in 2004 and currently has a number of active contracts which bring a range of social and financial benefits to the Roebourne community.

"It enables us to build the community's capacity over time. The Foundation uses the dividends from the business to set up initiatives like a scholarship programme and a further education fund," said Vince.

The further education fund is for Foundation members who have completed Year 12 education and want to undertake further study. One member is currently studying medicine and another is likely to do a Masters of Theatre.

"For our younger generation, building capacity is the key," he says.

Compass runs its own Indigenous Training & Employment Program (ITEP) and has a dedicated team that focuses on training, employment and mentoring.

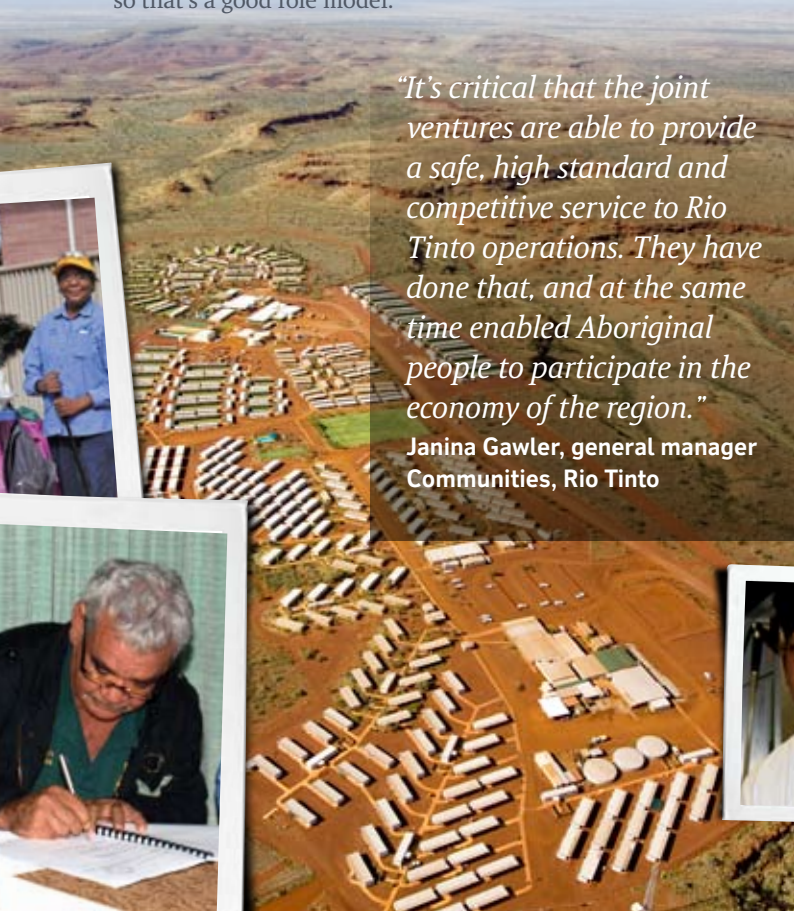
"Mentoring is critical to keeping Aboriginal people in the business and post-employment mentor support comes in many forms, from managers to supervisors and dedicated ITEP staff," said Bert Giancristofaro, Compass Group's general manager human resources Australia.

"There's a lot of mentoring and support. I feel like they're encouraging me to keep going – it gives me confidence that people believe in me," said Daniel Lyndon, a second year apprentice chef at ESS NYFL.

While the joint ventures provide employment, they also provide communities, like Roebourne, the funds to run pre-employment programmes, ensuring that people are ready to take up employment, and are able to get through the transition from unemployment to casual or full-time work.

"These joint ventures aren't just about taking people off the streets and putting them into a job because that doesn't work. We run programmes to get them ready for work and able to make the transition from unemployment to a work situation," says Vince.

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The Keys to Success



"We have to be able to deliver a fair and reasonable commercial return to each of the shareholders – the support of clients like Rio Tinto is critical for this innovative business model."

Gerhard Poelzl, group managing director, Compass Group Pacific

"I think Compass has a greater appreciation of the Traditional Owners' values and culture. Through Gumala they've been able to develop a level of knowledge and awareness that's made them a better corporate citizen. And we've become more realistic in our expectations of what Compass and the JV can do."

Steve Mav, chief executive, Gumala Aboriginal Corporation and ESS Gumula director



"Some of the things that have been really important to the success of the Compass JV is the mentoring of Aboriginal employees, the ongoing capacity building in the community, being able to invest the dividends as the community sees fit and the raft of opportunities the JV brings for jobs, training and housing."

Vince Adams, director Ngarluma Yindjibarndi Foundation (NYFL) and ESS NYFL director



"The JVs are a means to an end. Each group we have worked with has a different idea about what that looks like for them and we need to respect that."

Bert Giancristofaro, general manager, human resources Australia, Compass Group



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Joan Ashburton, ESS employee

Local joint ventures a successful model

Joint ventures with Aboriginal groups are transparent commercial arrangements that compete in the market place on the same terms as other suppliers.

Compass believes that this is only one way for the joint ventures to succeed.

"It has to achieve a three-way win outcome – for the client, the Traditional Owners and for Compass," says Compass Groups' group managing director Gerhard Poelzl.

"These joint ventures mean that Rio Tinto is able to meet its commitment to contract with Traditional Owners in a way that maintains safety and operational standards, at a reasonable market competitive price with low risk."

It also means that Aboriginal communities can participate in contracting opportunities without the need for specialist industry knowledge or significant capital expenditure.

Aboriginal people are also enhancing and developing their business management experience.

"They achieve an income stream with no strings attached, and at the same time they develop and broaden their business experience and opportunities," said Gerhard.

Compass firmly believes joint ventures with Aboriginal groups are a logical business model that deals with the remoteness of the operations they contract to.

"If we can engage the Traditional Owners, we have a pool of labour in the area and we're also providing additional economic benefit to Traditional Owners."

Gumala Aboriginal Corporation's business subsidiary has refined the business model with Compass over its 13-year relationship.

"From Gumala's perspective, we wanted good rates of return for our investment and the opportunity for Traditional Owners to pursue training and employment, but one of the fundamental priorities was to use the JV as a vehicle to strengthen our special relationship with Rio Tinto," said Steve Mav, chief executive of Gumala Aboriginal Corporation.

Gumala has used key principles of its business model with Compass Group to pursue other contracts in the region.

"Everyone recognises the importance of partnerships now. Our Compass partnership has been the stand-out – after 13 years we're still collaborating and working together constructively."