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RESOURCES

# Chapter 11 Environmental Offsets

Western Desert Resources Limited  
Roper Bar Iron Ore Project



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# 11 Environmental Offsets

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This offsets proposal is focussed on people, rather than the environment. The underlying awareness of the importance of land, language and culture to Aboriginal people is impossible to overemphasise and this relationship between Aboriginal people and their country is the foundation of this proposed package.

This proposed package is much broader than one that could be funded exclusively by an environmental offset value. It is planned to incorporate the environmental offset value with a component of native title and potentially other royalties so as to ensure that every dollar presented as an offset results in the maximum potential benefit to the Indigenous People of the region.

This holistic package is designed to fulfil both the Australian Government's and Northern Territory Government's offset requirements.

A proposed budget has not been included in this public document.

## 11.1 Environmental and Socio Cultural Offsets Proposal

Western Desert Resources (the Company) is in the advanced stages of developing an iron ore mine some 60kms south of Ngukurr. The mine will be an open pit with an initial annual production of some 1.5m tons. Support infrastructure will include a workers camp and other buildings, an ore processing plant and a road network.

The bulk of the development will be located on Crown Land, overlaid by Native Title, largely part of the former Saint Vidgeon pastoral lease. Aboriginal people in the communities of Numbulwar, Ngukurr, Minyeri and Borroloola and in surrounding areas are affected by the operation and Western Desert Resources have undertaken protracted consultations with Traditional Owners and affected Aboriginal people in regard to the impact of the proposed development on their country and their communities. That consultation informs this socio-cultural and environmental offsets proposal.

Western Desert Resources is committed to addressing the concerns of Aboriginal people and believes in safe, healthy, educated and working communities. With this in mind, the Company intends to honour and exceed in all aspects its corporate obligations under relevant NT and Commonwealth legislation.

In so far as it is practical and achievable, Western Desert Resources will institute direct environmental offsets as required by law. It is not possible for Western Desert Resources to procure any form of "off the shelf" offsets and the Company therefore proposes the development of an innovative suite of offsets which address the concerns and needs of Aboriginal people in the region. These are amongst Australia's poorest and most vulnerable people and the socio-cultural component of the offsets package will assist in the sustained remediation of their communities, in large part augmenting the Closing the Gap initiatives of Government.

Western Desert Resources accepts that mining produces a negative environmental impact for the life of the mine and a potential residual impact into the future. However this impact is not strictly limited to the environment. The Company acknowledges the complex and often cryptic relationships between Aboriginal people and their country, and understands the potential for adjacent mining operations to impact on the lives, society and culture of Aboriginal people in many negative ways. In response to this understanding Western Desert Resources is prepared to go to considerable lengths to ensure that the land and its people ultimately enjoy positive and enduring benefits from the mining operation.

The Environmental Assessment Act defines environment as:

*all aspects of the surroundings of man including the physical, biological, economic, cultural and social aspects.*

This definition suggests the need for an offsets package to address not only the impact on the physical environment and its biodiversity, but also the socio-cultural impacts of mining. This offsets proposal is ambitious and innovative, and is anchored in respect for the legitimate rights and interests of Aboriginal people, rather than in any sense of control or advantage by or for the Company. The Northern Territory draft Environmental Offsets Policy provides adequate flexibility to accommodate Western Desert Resources' approach.

It is apparent that affected Aboriginal people and their respective communities now see mining activities as an opportunity for immediate benefit, such as training and employment, but also as the basis for building a foundation for the communities for the future. The historical reliance on Government program funding is seen as fundamentally bad and from which it is difficult to break free. The environmental and socio-cultural offsets package promises to be the "circuit breaker", underwriting a future free of welfare dependence and low achievement.

It is proposed that the offsets package be the subject of a legally binding and auditable Offsets Agreement (the Agreement). The parties to the agreement would include Western Desert Resources, representative Traditional Owners, and representatives of affected Aboriginal people and their communities. A Board of Management will be established as part of the governance structure of the package. Members of the Board will include representatives of parties to the Agreement, and additionally persons with expertise in remote community development, Aboriginal health, youth and remote education.

It is planned to develop a network of productive relationships in order to best deliver the package, and to take advantage of existing expertise and capacity.

This proposal outlines basic guidelines for monitoring evaluation and reporting (MER) of the offsets package. The management of this process will be adaptive and will embrace continuous improvement to ensure that necessary adjustments and improvements can be made over time to satisfy the requirements of various stakeholders. The ultimate purpose of the MER plan is to measure the extent to which activity undertaken in accordance with the Offsets Package Agreement results in progress against key indicators and has a beneficial impact on the target population.

The Company proposes investment in the areas of governance, community Rangers, social enterprise organisations, health, youth, education and training, and cultural maintenance.

### **11.1.1 Governance**

Under the terms of the Socio-Cultural Offsets Agreement a Board of Management will be established, with Board membership based on interests and merit. Board members will be appointed by a specially convened panel comprising representatives of Western Desert Resources, affected Aboriginal communities, and domain experts selected on the basis of expertise and experience. Board membership will be for an initial period of three years. The Board will be chaired by a person nominated by Western Desert Resources.

The role of the Board will be:

- To strategically and accountably direct the expenditure of the Offsets Package according to principles and policies articulated in the Agreement;
- To heed the concerns of affected Aboriginal people and react to changing circumstances and need;
- To recruit staff and expertise as required to carry out the functions of the Agreement and to advise and assist in the effective application of resources; and
- To produce, at appropriate intervals, reports and accounts detailing activity under the Agreement.

### **11.1.2 Social Enterprise Organisation.**

The affected communities have a history of grant and government program dependency and prospects for a future free of state support are minimal. They suffer the standards of education and health commonly encountered in remote communities. Existing private enterprise is minimal and support for the establishment of enterprise is difficult to access. The population is dominated by Aboriginal people under the age of 25, and most skilled jobs in the community are undertaken by non-Aboriginal people. Infrastructure, skills and levels of amenity are of a low standard by comparison to mainstream Australia.

In the NT it has been shown that a highly functional, locally owned and controlled Indigenous organisation can make a significant difference to the functionality and future prosperity of an entire community. Such organisations can exploit their status to use the income stream from mining operations to multiply available co-investment, thereby maximising results. It is envisaged that locally based organisations will oversee or directly deliver the bulk of the individual projects, programs and activities proposed as part of the package.

At the core of the offsets package is support for existing community organisations. These organisations will be required to embrace principles which dictate a social enterprise approach to their operations.

A social enterprise organisation is an organisation which collaboratively serves the interest of a discrete group of disadvantaged people by engaging in market based business activity with the aim of reinvesting in community benefits such as employment, housing, business development, social services, skills development, education and health. The emphasis of a social enterprise organisation is on collective rather than individual ownership of trading operations. The organisation is itself owned by the community that it serves. A successful social enterprise organisation must have a long term vision focused on reducing disadvantage and marginalisation and bolstering existing capacity and strength, leading to social and economic inclusion. The organisation needs to be ethical, innovative, accountable, have the support of its client group, and be able to form partnerships with supportive external agencies in order to more readily achieve its objectives.

The purpose of this approach is to:

- enable and empower community level governance structures;
- create sustainable commercial enterprises generating employment and community wealth beyond the life of the mine;
- attract and manage co-investment to support on-ground activity;
- provide a vehicle for the delivery of programs and activities requiring local presence, knowledge and support; and
- develop and maintain productive partnerships between communities and the public and private sectors.

A proposed model for remote Aboriginal community development based on the establishment and operation of an effective social enterprise organisation is presented at section 11.2 of this Chapter.

#### **INPUTS:**

- Financial support indexed to quantity of direct shipping ore produced.
- Expert assistance in the running of the organisation.
- Early support as required; e.g. to establish worthwhile partnerships, recruit staff, develop necessary infrastructure.
- Ongoing engagement, scheduled and reactive financial support.

**ACTIVITIES/PROCESSES:**

- Community consultation aimed at obtaining informed consent and defining organisational role.
- Strategic planning, identification of barriers, legislative requirements, needs and proposed activities.
- Identify and commit to social and cultural objectives.
- Recruit staff, construct operational infrastructure and conduct operations.

**RESULTS/MILESTONES**

- Infrastructure built.
- Strategic plan developed.
- Organisation appropriately and adequately staffed.
- Viable business operations established.
- Environmental programs initiated.
- Social programs initiated.
- Cultural programs initiated.
- Productive partnerships established.

**MEASURABLE IMPACTS:**

- Community esteem strengthened by enhanced functionality of locally owned and controlled organisation.
- Increased training.
- Increased employment.
- Indigenous land and sea management (ILSM) supported.
- Cultural activity supported and maintained.
- Growth in community economy.
- Enhanced community engagement and functionality.
- Enhanced social cohesion.

**11.1.3 Rangers**

Structured, community based Indigenous land and sea management (ILSM) is central to the notion of caring for country. Western Desert Resources acknowledges the importance of Aboriginal land and sea managers and supports their environmental and socio-cultural roles and will support careers in land and sea management for benefits beyond the life of the mine. The Company will also support school based junior Ranger programs.

The Yugul Mangi Land and Sea Management Corporation, Minyerri Rangers, Mabunji Sea Rangers and Numbulwar Rangers are in operation, and support through the environmental offsets package will increase their capacity. The Company will invest either directly in Ranger groups, or will provide support through the local social enterprise organisation.

It is anticipated that existing activities such as fire management, feral animal control, coastal surveillance and monitoring, weed eradication, engagement with the carbon market, the sustainable use of wildlife and management of significant sites will continue, but the additional resources available through the offsets package will enhance the capacity of Ranger groups and will enable higher standards and improved outcomes.



Direct monitoring and remediation of mining impacts will be a key component of regional ILSM.

On-ground activity and work plans will be developed through a diligent process involving landowners, government, the Company, and the affected communities, with the assistance of external expertise as required. Financial support will be provided directly to existing Ranger groups or to aspiring social enterprise organisations in accordance with the Agreement.

**INPUTS:**

- Financial support indexed to quantity of direct shipping ore produced.
- Expert assistance in the operation of Ranger groups.
- Early support as required; e.g. to establish worthwhile partnerships, recruit staff, develop necessary infrastructure.
- Ongoing engagement and reactive financial support.

**ACTIVITIES/PROCESSES:**

- Community consultation aimed at defining the roles and responsibilities of Rangers and defining organisational role.
- Strategic planning, identification of barriers, legislative requirements, needs and proposed activities.
- Recruit staff, construct operational infrastructure and conduct operations.

**RESULTS/MILESTONES**

- Infrastructure built.
- Strategic plan developed.
- Ranger group adequately resourced.
- Workplans developed and environmental programs initiated.
- Productive partnerships established.

**MEASURABLE IMPACTS:**

- Community esteem strengthened by enhanced functionality of locally owned and controlled ILSM.
- Increased training.
- Increased employment.
- Condition of landscape maintained or improved.
- Growth in community economy.
- Enhanced community engagement and functionality.
- Enhanced social cohesion.

**11.1.4 Education and Training**

Remote Aboriginal communities in the NT are characterised by very low rates of school attendance. The natural consequence is a population with suboptimal education. Many individual students want to acquire a proper education, but the pressures of community life frequently conspire to make this difficult or impossible.

Adult residents of the affected communities generally have low standards of education and skills, constituting significant barriers to employment, social inclusion and productive engagement with the mainstream economy. In accordance with the Closing the Gap targets, both the NT and Commonwealth



governments are developing programs, supported by legislation, which are aimed at achieving higher rates of school enrolment and attendance.

Even if these initiatives succeed they will not provide adults with the skills they need to secure employment. The responsibility of providing assistance to this older group resides with the Job Services Australia (JSA) network. Regrettably the JSA model has been shown to be ineffective in redressing the employability shortcomings of remote Aboriginal community residents, and the program is soon to be redesigned.

In any event it is not sufficient to simply provide people with skills. There must also be a job, and remote communities universally endure a dramatic imbalance of unemployed people relative to the number of jobs available. An opportunity exists to provide programs and facilities that augment government funded training initiatives, and to build a skilled workforce matched to available work and linked to the growing community economy. In the absence of existing community training capacity the establishment and operation of training facilities can be undertaken by the social enterprise organisation.

Western Desert Resources understands that remote NT Aboriginal community populations generally exhibit low levels of skills and qualifications, and high levels of unemployment. The principle employer is often the Community Development Employment Project (CDEP) Program, which is itself under threat of abolition.

There will be ample opportunity for direct employment of local Aboriginal workers in the construction and operation of the mine and its associated infrastructure, and the Company will encourage and train prospective employees. As part of the Agreement the Company commits to a program of relevant training for the life of the mine, and this training will be linked to community aspirations and development ambitions. This support can be delivered through the social-enterprise organisations and will support training needs identified by the communities. Beyond the life of the mine it is envisaged that community organisations will have achieved Registered Training Organisation (RTO) status, and will have access to government and self-generated funds to sustain the RTO into the future.

The RTOs will have a specific focus on meeting the training needs of community Ranger groups, thus assisting the provision of direct environmental action.

Western Desert Resources has a particular interest in assisting young Aboriginal people to gain tertiary qualifications. Some success has been achieved elsewhere by encouraging students to take up schooling opportunities in mainstream institutions beyond the bounds of their culture and their home communities. The Company will establish a fund to underwrite the expense of procuring a quality education for students selected on the basis of achievement and ambition. The Company will sound out prospective partners with a track record of achievement in education, such as Yalari.

#### **INPUTS:**

- Financial support for identified community training operations and programs.
- Assistance and support as appropriate to achieve RTO status.
- Financial support for scholarships.

#### **ACTIVITIES:**

- Community consultation to identify needs and gain support.
- Development of community training strategy.
- Develop necessary structural support.
- Design and rollout of programs.
- Scholarship holders identified and supported.

#### **RESULTS/MILESTONES:**

- Community support.

- Structural needs addressed.
- Education partnerships established.
- Adults gaining skills and qualifications.
- School students supported through scholarship program.
- School graduates entering tertiary education.

**MEASURABLE IMPACTS:**

- Enhanced local capacity to take up employment opportunities.
- Elevated community, group and individual esteem.
- Higher levels of employment.
- Reduced antisocial behaviour, violence and substance abuse.
- Growth in community economy.

**11.1.5 Youth**

Although Aboriginal society retains many substantial elements in communities like Ngukurr, Minyerri, Borroloola and Numbulwar, the residents of these places live in times of profound change. The cultural prescriptions which dictated behaviour for thousands of years before white contact have become less robust. The consequences of this include the ready abandonment by many young people of disciplined traditional behaviour in an environment that has not yet embraced rigid “western” alternatives, such as a commitment to education.

The perceived abandonment has given rise to grave concerns amongst the ranks of older community residents. There are high levels of apprehension about the potential for young people to disengage from their cultural identity, to simultaneously fail to gain the skills that enable progress in the new white world, and to resort to antisocial behaviour, substance abuse or crime. Old people have been very clear about their anxiety and frustration with wayward young people, and their concern that adequate and appropriate support be provided to assist the stabilisation and motivation of their youth.

In response to community feedback, Western Desert Resources acknowledges the demand for community based facilities and programs aimed at assisting young Aboriginal people. A suite of government programs exists to assist youth development. However these are frequently under-resourced or have been developed without regard for community knowledge or priorities. There is considerable scope for the Company to assist communities by contributing resources in accordance with identified community priorities. The Company proposes to provide seed money to assist in the provision of dedicated facilities within the communities and to operate worthy programs aimed at ameliorating the problems outlined by community members in consultations. Funds will be channelled through the local social enterprise organisation and will be expected to attract additional government investment.

Particular emphasis and support will be provided to sporting programs and the Company will seek to partner with existing success such as the Clontarf Foundation and the AFLNT community football program.

**INPUTS/PROCESSES:**

- Financial support.
- Assistance to design programs, recruit staff and establish projects and infrastructure that best accord with community concerns and expectations.
- Support to establish beneficial partnerships.

**ACTIVITIES/PROCESSES:**

- Community consultation aimed at identifying needs and deciding on appropriate projects, programs and infrastructure.
- Strategic planning in accordance.
- Recruit staff, construct operational infrastructure and commence operations.

**RESULTS/MILESTONES:**

- Strategic plan developed.
- Co-investment secured.
- Infrastructure built.
- Staff recruited.
- youth programs and projects initiated.
- Productive partnerships established.

**MEASURABLE IMPACTS:**

- Reduced levels of truancy.
- Reduction in numbers of youth entering criminal justice system.
- Increased uptake of training opportunities.
- Increased employment outcomes.
- Culture supported and maintained.
- Growth in community economy.
- Higher level of youth engagement with community.
- Enhanced social cohesion.

**11.1.6 Health**

The physical, mental and dental health of Australian Aboriginal people constitutes an enormous obstacle to social and economic inclusion and to advancement generally. High rates of chronic disease, poor environmental health, and nutrition and lifestyle factors militate against the maintenance of a healthy population.

Aboriginal Health Boards, such as Sunrise, which provides services in Minyerri and Ngukurr, are operating in the face of considerable adversity. Despite the fact that health care is basically the responsibility of others, Western Desert Resources believes it has a corporate responsibility to support the health of the affected Aboriginal communities and will undertake further consultation with community members, government and health stakeholders to establish productive health sector relationships and to design an assistance package for inclusion in the Agreement.

The Company favours a project that funds unmet need or strengthens existing services, such as a “bush dentist” servicing the affected communities and outstations. Dental health is a major problem, largely due to the fact that the NT patient travel scheme does not cover dental requirements. This means that Aboriginal people have to fund their own travel to urban dentists, or rely on a visiting service which may be sporadic or difficult to access due to high demand. What happens in practice is that Aboriginal people in remote communities frequently live with toothache and other dental maladies for protracted periods, impacting on attendance at work or school.

**INPUTS:**

- Financial support.

- Early support as required; eg to establish worthwhile partnerships, recruit staff, provide capital equipment.

**ACTIVITIES/PROCESSES:**

- Community consultation and information sessions.
- Engagement with health sector service providers.
- Strategic planning, identification of barriers, health and legal requirements, needs and proposed mode of operation.
- Recruit staff, acquire capital items, commence operations.

**RESULTS/MILESTONES**

- Strategic dental plan developed.
- Dental services provided.

**MEASURABLE IMPACTS:**

- Dental health improved.
- Increased work attendance.
- Growth in community economy.
- Reduction in associated health disorders.
- Alleviation of individual pain and comfort.

**11.1.7 Infrastructure**

The consultation process revealed that community residents are frustrated with substandard infrastructure, particularly housing and roads. Western Desert Resources has no responsibility or obligation to provide housing or roads, but accepts that it may have an important role in assisting communities to better achieve construction and maintenance outcomes in respect of infrastructure.

Government grant programs have historically been the principle source of funding for this development. As a part of the development of commercial enterprises by community social enterprise organisations, the construction and maintenance of buildings and roads suggest themselves as logical fields of endeavour.

The assistance that Western Desert Resources provides to establish and maintain social enterprise organisations will be a critical factor in achieving and maintaining functionality which will incubate the establishment of business operations such as building construction and maintenance and earthmoving. Additionally the achievement of RTO status and the construction of training facilities will naturally augment training provided by the Company to Aboriginal employees and should ensure availability of employment.

It is foreseeable that community housing teams could win government contracts for ongoing work. This will also be the case for contracted road construction and maintenance.

The Company will require numerous plant operators and it is expected that many will be drawn from the ranks of the Aboriginal communities. These skills will reside in the communities for future years. Western Desert Resources will also be able to assist in practical ways such as gifting used machinery to local Aboriginal earthmoving business interests.

It is customary for working mines to behave as good regional citizens, and it is expected that WDR will contribute to infrastructure development as and when it is able but without a formal budget commitment to the magnitude or substance of that contribution. For this reason it is not appropriate to include a MER outline for infrastructure in the document.

### 11.1.8 Cultural maintenance

The Aboriginal people resident of the region are living on the land of their ancestors. The creation of communities and associated government services and transfers has led to a decline in many routine practices which define Aboriginal culture. Language is threatened with extinction. The performance of traditional ceremony is less rigorously observed. The knowledge and activity that maintained the land and environment in pristine condition is threatened by lower rates of occupancy and movement. Younger generations have largely eschewed traditional life in favour of western distractions. Older people despair at the devaluation of a system and practice that sustained their forebears.

There is a growing body of support for the revaluation and preservation of Aboriginal knowledge and culture as a means to reinstate self-esteem, social cohesion and discipline in communities with high levels of antisocial behaviour and dysfunction.

The importance of land, language and culture to Aboriginal people is impossible to overemphasise. The loss of these elements has proven catastrophic to tribal people the world over. Significant levels of ignorance within the ranks of Australian citizenry and lawmakers remain to be overcome.

The nature of mining operations naturally and frequently brings mining companies into conflict with Aboriginal landowning interests. Mechanisms which exist to provide adequate and fair compensation are often flawed, and the history of mining royalties in Aboriginal Australia is commonly one of disaster. To their great credit, many mining companies have worked hard to become more accountable for their actions on Aboriginal land, and to ensure that harm is minimised both to the land and its people.

Acknowledging its broader responsibilities, Western Desert Resources proposes to initiate an innovative socio-cultural offsets package. As outlined above, this includes many mechanisms for supporting activities and programs for affected Aboriginal people and communities. Additionally the Company proposes to respectfully acknowledge the harm that mining operations may cause to elements of Aboriginal culture which are cryptic to western eyes, and to support the prevention or remediation of such harm.

Many elements of Aboriginal cultural life are mysterious to non-Aboriginal people. Principle amongst these is the conduct of ceremony. Aboriginal people practiced, and many continue to practice, a system of cyclical rituals which in large part comprise their religion. Such practices include rites of passage such as initiation ceremonies and increase rituals designed to perpetuate the productive cycle of life upon which existence depends. Other ceremonies relate to specific places or events, confer ritual respect on individuals or groups, or relate to the natural or spiritual environment.

Most commonly, funeral ceremonies provide some insight into the secret/sacred world of Aboriginal people. Aboriginal art also enables non-Aboriginal people to contemplate aspects of this world.

Conversations with Aboriginal people resident in remote communities and outstations consistently reveals the importance of cultural activity and knowledge. This extends beyond the practice of ceremony to embrace such things as language, where and how to live, child rearing, material culture, oral history, intergenerational knowledge transfer, knowledge of country and kinship relationships, and many more.

Senior Aboriginal people despair that younger generations are not learning enough about their country. The plethora of socio-economic barriers is well-documented. There is a particular concern at the loss of the subtle nuances of Aboriginal knowledge by younger generations which can only be acquired through *in-situ* land management, language and related ceremonial activity. Maintaining and protecting Aboriginal knowledge is about language and practice as well as content. Young people need to be exposed to a learning environment where knowledge can be observed, talked about and applied in landscapes for which they hold responsibility. Knowledge that is secured in the hearts and minds of the next generation is knowledge available for long-term application to natural and cultural resource management.

Non-Aboriginal people are commonly confused and frustrated by the apparent irrational prioritisation of cultural activity ahead of “productive” contributions. In fact, this is a reflection of a strong culture rather

than of capricious or irresponsible behaviour. Enlightened organisations and employers acknowledge this and accommodate the needs and prescriptions of Aboriginal culture accordingly.

Western Desert Resources aspires to behaving in an enlightened fashion, both as an employer and as a regional corporate citizen. To that extent it is proposed to incorporate a considered cultural contribution into the offset package. Subject to further consultation with key individuals and groups, this contribution could include support for:

- The maintenance of Aboriginal languages in the region.
- The documentation and conservation of rock art in the region.
- The intergenerational transfer of cultural knowledge through a series of camps and country visits involving old people, and utilising modern recording technology such as digital video and GPS.
- The further mapping of important sites within the region.
- The practice of traditional ceremony.
- The recording of oral histories of old people.
- The establishment of or support for community keeping places and archives.

**INPUTS:**

- Financial support. Infrastructure and programs.
- Assistance to design programs, projects and infrastructure that best accord with community concerns and expectation.
- Indirect and ongoing oversight and support through social enterprise organisation.

**ACTIVITIES/PROCESSES:**

- Rock art documentation and conservation.
- Indigenous Knowledge conservation and transfer.
- Site mapping program.
- Language program.
- Ceremonial support.
- Attract funding and construct community keeping place/museum.

**RESULTS/MILESTONES:**

- Indigenous knowledge camps.
- Language conservation.
- Rock art documentation and conservation.
- Knowledge of sites conserved.
- Ceremonial activity undertaken.
- Keeping place constructed.

**MEASURABLE IMPACTS:**

- Elevated respect for traditional culture.
- Elevated community self-esteem.
- Youth diversion.
- Aboriginal language spoken.

- Sites protected.
- Ceremony kept alive.

## 11.2 Social Enterprise Organisation

### *11.2.1 A Proposed Model for Remote Aboriginal Community Development Based on the Establishment and Operation of an Effective Social Enterprise Organisation.*

#### **The Context/The Challenge**

The disadvantage endured by Aboriginal people living in remote communities arguably constitutes Australia's most intractable social problem. There is no point in allocating blame for the current state of affairs. The significant challenge is how to enable Aboriginal people to take their place in Australian society while remaining on their country and being allowed to lead culturally distinct lives, while exploiting the economic and employment opportunities that can be developed against the backdrop of their unique cultural and physical environment.

The establishment of mining operations in proximity to remote communities can provide temporary relief to the paucity of jobs, but the long term prosperity and functionality of remote communities requires intelligent application of transitory resources in order to provide enduring benefits. The residents of remote Aboriginal communities generally have a growing expectation that working for a living is a possibility, although they commonly refuse to leave their community to achieve this. Standards of education and health are frequently poor, "western" skill levels are low, and distances to market are great. The climate is harsh and capricious and Top End communities are frequently isolated by inundated roads. There is no public transport system and private transport is expensive and often unreliable. Interaction with government agencies like Centrelink can involve complicated and expensive round trips. English is normally not one's first language and measures of literacy and numeracy languish at low levels. The major fraction of the population is under twenty years of age.

To adopt a strengths based approach, remote Aboriginal people have access to vast landholdings and to the associated resources supported by traditional land and sea management knowledge and skills. They have robust identity and social networks, intact languages, exceptional ecological and cultural knowledge, and proximity to regional opportunities. The unique skills of bush people can immediately lead to meaningful jobs in the areas of land and sea management, border security, the carbon economy and biosecurity. Government agencies such as Customs, Coastwatch and AQIS have already been pushed to achieve significant levels of Indigenous engagement and there is scope for considerably more.

Remote Aboriginal Australia is frequently cast as a failed state within the Australian nation. Decades of effort by government have failed to provide remedies and shifting policy is currently destabilising many historically successful programs. However the major source of funding for remote communities remains government in origin; Commonwealth, State and Local. Government funds generally target discrete need, are minimal, and are not intended to create a financial base which may ultimately enable Aboriginal communities to disentangle themselves from dependence on public subvention. Aboriginal communities simply can't wait for government to acquire an accurate understanding of their circumstances and to deploy appropriate responses.

The income stream generated during the life of a mine is a "one-off" opportunity that should not be squandered. Mining creates direct employment opportunities for the life of the mine, however the mining industry has a chequered history of Indigenous workforce participation and retention. Aboriginal communities require and deserve social and economic benefits that endure long after the departure of the mining company. These benefits should not be another form of "sit down money".

Jobs are a point of commencement and in association with the establishment and delivery of a range of services can lead to social and economic inclusion for communities. In order to achieve sustainability, jobs must be permanently incorporated into the economic fabric of communities. In the current policy



environment any proposed alternative model must necessarily emphasise the importance of employment outcomes in order to win the support of the Commonwealth government.

Accepting the reluctance of Aboriginal people to abandon their country and family in order to relocate for employment, and in the absence of mainstream or permanent job markets, it is commonly accepted that there are three ways of increasing levels of Indigenous employment in remote communities. The first of these is to replace non-Indigenous employees. Most of these employees have specific skills not generally resident or in short supply in the local population. Thus the process of replacement is time consuming as Aboriginal people need to undertake education and training, often over extended periods of time, in order to acquire equivalent skills and experience. Accelerated Indigenisation can result in the unintended consequence of the client group actually becoming victims of the process, as recruits with suboptimal levels of skill or experience are invariably less capable of delivering workplace outcomes in accordance with expectations.

The second mechanism relies on one or all of the tiers of Government investing more heavily in the publicly funded service sector. The last significant instance of this appeared as a measure of the Northern Territory Intervention, which saw the Commonwealth underwrite the conversion of some 2000 CDEP positions into salaried employment. This “chequebook job creation” is unlikely to be repeated in the foreseeable future.

The third mechanism available for job creation is the establishment of viable commercial enterprises. Funding for enterprise development is notoriously difficult to access for Indigenous individuals and organizations. Indigenous Business Australia has limited funds, strict guidelines and is risk averse. Banks are reluctant to finance development on remote communities because they cannot get security over Schedule 1 ALRA land, which is inalienable freehold. The Commonwealth has now committed to easing the difficulty of accessing capital by facilitating better collaborations between the Indigenous Land Corporation, Indigenous Business Australia, and the private and banking sector. Advantage should be taken of this commitment.

An opportunity exists for mining revenue to support the establishment of viable and enduring commercial enterprises.

### **11.2.2 The Solution**

There are grounds for optimism if one is prepared to expel the bulk of existing thought and instead to examine the success of strong Aboriginal organisations which are already achieving elusive outcomes under difficult circumstances. Such organisations exist and their success can be replicated.

Functional remote organisations exploit local knowledge and provide place based solutions to problems that are little understood by non-residents. The most effective organisations are quietly building an asset base and getting on with the job. Regrettably these organisations are too few in number and receive little critical support or publicity.

The term “social enterprise” accurately describes the tenor of such organisations. By way of definition, a social enterprise organisation can be described as one which collaboratively serves the interest of a discrete group of disadvantaged people by engaging in market based business activity with the aim of reinvesting in community benefits such as employment, housing, business development, social services, skills development, education and health. The emphasis of a social enterprise organisation is on collective rather than individual ownership of trading operations. The organisation is itself owned by the community that it serves.

A successful social enterprise organisation must have a long term vision focused on reducing disadvantage and marginalisation and bolstering existing capacity and strength, leading to social and economic inclusion. The organisation needs to be ethical, innovative, accountable, have the support of its client group, and be able to form partnerships with supportive external agencies in order to more readily achieve its objectives.

In some locations it may be possible to inject support into existing Indigenous organisations in order to achieve the conversion to a social enterprise focus. Elsewhere it will be necessary to incorporate a new

organisation. Logically, a social enterprise organisation should enjoy the tax exemptions provided by Public Benevolent Institution and Designated Gift Recipient status. These are more readily conferred if incorporation takes the form of an Aboriginal Corporation under the Corporations (Aboriginal and Torres Strait Islander) Act (CATSI).

The organisation and the community must reject all elements of the welfare based approach that has characterised the majority of remote communities in recent decades. The organisation should have the objective of elevating the skill levels of all employees ultimately enabling the total Indigenisation of the workforce within realistic timeframes.

Under the social enterprise model almost all of the wealth that flows into Aboriginal communities can be retained by the community. The services commonly underwritten by government grant programs can be run as commercial contracts, creating employment and wealth. There is enormous potential for a highly functional organisation to develop business enterprises and to simultaneously deliver government objectives. The range of business and service activity could typically include (but not be limited to):

- \* Supermarket and retail
- \* Take away food and catering
- \* Mechanical repairs and wrecking yard
- \* Building construction and maintenance
- \* Arts industry
- \* Women's centre; childcare, laundry, op-shop
- \* Child protection and Night Patrol
- \* Aged care and meals on wheels
- \* Training and adult education
- \* Horticulture and plant nursery
- \* Recycling
- \* Asset management
- \* Banking, financial services and money management
- \* Municipal services; rubbish collection, mowing, landscaping, fencing
- \* Road and barge transport
- \* Aviation services
- \* Essential services; power, water, sewerage
- \* Ranger programs, land and sea management and carbon abatement trading
- \* Tourism
- \* Metal fabrication
- \* Fuel sales
- \* Earthmoving and quarrying
- \* Cultural research and conservation
- \* Cross cultural training
- \* Mentoring services
- \* Sport and recreation
- \* Environmental health services
- \* Fishing and food production
- \* Labour supply

Many of these activities represent straightforward import replacement while others address frequently unmet community need. All are demonstrably achievable and employ local Indigenous people. Proceeds from commercial operations are principally applied to Indigenous employment, the establishment of additional enterprises and subsidising the shortfall in revenue negative service provision.

The Aboriginal Land Rights Act dictates the way in which commercial enterprise may be established on Land Trust land, and the relevant Land Council has obligations and functions under the Act including:

*“to assist Aboriginals in the area of the Land Council to carry out commercial activities”.*

And ensuring:

*(a) the traditional Aboriginal owners (if any) of that land understand the nature and purpose of the proposed action and, as a group, consent to it; and*

*(b) any Aboriginal community or group that may be affected by the proposed action has been consulted and has had adequate opportunity to express its view to the Land Council.*

Thus the Land Council is an essential stakeholder in the process and every effort should be made to enable the Land Council to discharge its statutory obligations promptly and effectively while enabling their experience and advice to guide sustainable development.

Recognition of the valuable niche role of “social enterprise” is gaining traction in government circles, and the Australian government has recently provided \$20m seed funding for the establishment of two Social Enterprise Development and Investment Funds (SEDIF). It would be prudent to establish early contact with the fund managers.

Social enterprise organisations ultimately rely on their ability to generate funds through trading activity or to raise funds from external sources. If trading ceases to be profitable the stability of the organisation is jeopardised. Likewise, a deterioration in relationships with non-trading funding sources can lead to failure.

For a variety of reasons remote community organisations tend to succeed or fail in cycles. In order to succeed it is necessary for leaders to exercise ambition, frequently shorthanded and without appropriate assets or resources, and commonly in the face of competitive community tension. The strain imposed by the geographical and cross cultural working environment often defeats non-Indigenous employees, leading to truncated effort. In times of full employment, remote organisations can rarely compete with the salaries offered by mainstream employers, and this invariably results in employees of lesser calibre. The departure of key people can deprive an organisation of energy, strategic vision and direction.

Under-resourcing or bad management frequently leads to reduced emphasis on business and strategic planning, sometimes with catastrophic consequences. Shifting government policy can deprive organisations of encouragement, recognition and funds. Therefore it is essential to maintain as much distance as possible from dependence on government funding. This does not mean that government funds should not be sought. In fact, governments are strongly attracted to co-investment, and funds such as mining royalties can be used to lever additional funds otherwise unobtainable.

The causes of failure are well understood and steps should be taken to protect a fledgling social enterprise organisation against known threats. Enlisting community support and installing sound management should be the starting points.

Securing funds for the establishment of new organisations is notoriously difficult. However, once established, a well-run organisation can quickly grow and become self-sustaining, and can achieve cost effective outcomes while observing the elusive economic, social, environmental and cultural “quadruple bottom line.”

### **11.2.3 How to Start**

1. Community consultation. Explanation of social enterprise organisation. Consensus on establishment
2. Clear objectives including accommodation of cultural requirements
3. Identify stakeholders
4. Identify expertise and resources that will be required
5. Obtain commitment of establishment funds
6. Incorporation and interim management
7. Initiate ALRA §19 negotiations
8. Initiate governance training for Board members
9. Recruitment of key staff
10. Commence design and construction of essential infrastructure
11. Business and strategic planning.
12. Scope and feasibility of proposed commercial enterprises
13. Absorption of existing social enterprise activity as appropriate
14. Development of alliances between organisation, community, government and private sectors
15. Prioritise and commit to social objectives
16. Enter growth phase; establishment and operation of enterprises and social service activities

If properly established, managed according to sound principles and responding appropriately to the challenges of a unique cultural environment, a social enterprise organisation should deliver successful social and economic outcomes long after the life of a mine.