



Ngarda Civil and Mining

Ngarda Civil and Mining (Ngarda) began its operation five years ago with six staff and six whipper-snippers. It is now a multi-million dollar Indigenous owned and operated business that provides contracting services to the mining and construction industries in four regions of the Pilbara.

Ngarda has experienced consistent growth in terms of business turnover and job creation during its four year life. The company won over \$70 million of work since 2001, and currently achieves an annual turnover of \$27 million....the company employs 170 [people], of which 140 are Indigenous – an incredible employment achievement within the mining industry.¹

This case study describes the development of Ngarda and its indirect relationship to native title Indigenous employment quotas.

Introduction

A number of mining and exploration ventures in Australian are located on land that is subject to native title or native title claim. This means that mining companies are required to negotiate with traditional land owners regarding land use and potential compensation for the short or long-term loss of Indigenous rights and interests to land.

The resultant native title Indigenous Land Use Agreements (ILUAs) contain various provisions which may include services and financial arrangements with traditional owners. These can include remunerations to trust companies, employment quotas for local Indigenous people in mining operations, education and training opportunities and community infrastructure.

Employment and training are almost standard provisions in ILUAs with mining companies. Employment and training provides opportunities for Indigenous people to share in the wealth created by the mining enterprise. However, the mining industry has made no secret of its difficulty in recruiting and retaining Indigenous employees.² The CEO of the Mining and Minerals Council of Australia has described a failure of mining companies to harness the vast and untapped

1 Ngarda Ngarli Yarndu Foundation *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, p3.

2 Hooke, M., (Chief Executive, Minerals Council Australia), Address to the 2006 Garma Festival, Gove, Nhulunbuy, Northern Territory, August 2006.



Indigenous workforces that are co-located with mining operations in Australia.³ In a speech in August to commemorate the Wave Hill Walk Off, the MCA Chief Executive Mitch Hooke stated:

...More than 60 percent of our operations have neighbouring Indigenous communities. We are currently experiencing skills shortages and we face profound people shortage requiring some 70,000 more people, or a 50 percent increase on current direct employment in the next decade.⁴

The continuing disadvantage of Indigenous people in the Western Pilbara region is characteristic of many Indigenous communities in Australia that are co-located with mining operations. Despite significant opportunities for employment and economic advancement, particularly with the current resources boom in Western Australia, Indigenous people have not been able to participate in these opportunities. The Western Pilbara is a clear example of a dual economy where a thriving resource sector is situated alongside an Indigenous population overcome by high levels of unemployment and poverty.

Where mining companies have had difficulties in engaging Indigenous recruits, there is potential for Indigenous owned and run corporations like Ngarda to provide a link between an under-utilised local Indigenous workforce and the mining company employer. But Ngarda is more than an employment service to the mining industry in the Pilbara; it is a civil engineering and mining company in its own right, with a skilled Indigenous workforce to provide contract services to the mining industry.

Indigenous owned and operated corporations are in a unique position to become service provider satellites to mining operations. If the governing bodies and management personnel of the corporations are themselves local Indigenous people, they are able to make direct connections into local Indigenous communities. They are able to create workplace environments that attract Indigenous employees. They are able to develop and deliver training and pathways to employment that are relevant and culturally appropriate.

The development of Ngarda Civil and Mining

Ngarda Civil and Mining is a subsidiary company of the Ngarda Ngarli Yarndu Foundation Inc (the Foundation).⁵ The Foundation was initially developed by the Aboriginal and Torres Strait Islander Commission (ATSIC) through the Ngarda Ngarli Yarndu Regional Council (NNYRC).

The Economic Portfolio of the Ngarda Ngarli Yarndu ATSIC Regional Council... saw an opportunity ... for the development of a regional strategic approach to economic development. The [Regional Council] sub-committee consulted with a number of Indigenous organisations throughout Australia with similar features to

3 Hooke, M., (Chief Executive, Minerals Council Australia), Address to the 2006 Garma Festival, Gove, Nhulunbuy, Northern Territory, August 2006.

4 Hooke, M., (Chief Executive, Minerals Council Australia), Address to the 2006 Garma Festival, Gove, Nhulunbuy, Northern Territory, August 2006.

5 The name Ngarda Ngarli Yarndu, means 'belong to us' in the local Yindjibarndi language. Provided by Ngarda Ngarli Yarndu Foundation in *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, pp1-2.



the Pilbara region in order to develop a successful strategic approach and plan to development in the Western Pilbara region.⁶

The Foundation was established and incorporated in 2001 and it quickly identified education and training as prerequisites for improved employment and economic outcomes for Indigenous people.

Foundation partners believed that there was a perception by the mining and construction industries that Indigenous people were generally lacking in the skills and training necessary to meet the industry's needs, and this perception needed challenging.⁷

In response to this situation, the Foundation decided to develop an independent body with a mandate to seek and nurture commercial opportunities for Indigenous people. This was the genesis of Ngarda Civil and Mining. In 2001, the Foundation went into partnership with Indigenous Business Australia and Henry Walker Eltin⁸ to establish Ngarda Civil and Mining (Ngarda). The Foundation continues to be integral to Ngarda Civil and Mining. It provides the governance structure and the strategic direction for the subsidiary company.

The primary aim of the Foundation is to alleviate poverty among Indigenous people in the Western Pilbara region. The Foundation aims to achieve this goal by:

- Providing wealth creation for the Aboriginal people of the Western Pilbara region via dividends to the Foundation;
- Raising funds directly by making commercial investments which deliver long-term returns;
- Creating employment opportunities for the local community; and
- Directing funds back into the community through social services including:
 - a) Health facilities and services;
 - b) Education and training facilities and services;
 - c) Employment opportunities;
 - d) Economic opportunities;
 - e) Preservation of culture; and
 - f) Any other initiatives that contribute to the alleviation of poverty for the Indigenous people in the Western Pilbara region.⁹

The Foundation services the Western Pilbara region which includes eighteen different traditional owner claimant groups, all with different goals, objectives, and governance structures. The traditional owners and the communities located

6 **Ngarda Ngarli Yarndu Foundation** *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, p8.

7 **Ngarda Ngarli Yarndu Foundation** *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, p3.

8 **Leighton Contractors** acquired the shares of Henry Walker Eltin in March 2006. **Ngarda Ngarli Yarndu Foundation**, *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, p3.

9 **Ngarda Ngarli Yarndu Foundation** *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, pp4-5.



in the Western Pilbara region support the initiatives of the Foundation and receive opportunities and benefits that flow from the Foundation's projects. The Foundation prides itself on its capacity to provide opportunities for all Indigenous people in the region, not only the traditional owners.

The Foundation represents everyone – whether you are Noongar from Perth living in the Pilbara, or a traditional owner from the area. The Board membership predominantly comes out of the ATSIC Regional Council but we are changing that now. We are asking for expressions of interest. Anyone can apply to sit on the Board. Like I said, that template is based on good governance which is a big downfall in Aboriginal communities around Australia, when you have family groups and traditional owners, internal conflicts, nepotism. What I am saying to our mob is I don't care if only one traditional owner sits on this Board as long as we have people who are going to give us good sound advice, good governance structure to make us more successful.¹⁰

The selection of members to the Board of Management is done by nomination. The Board is currently made up of six Indigenous representatives and two special advisors. The two external appointments to the Board provide advice and business management training. The Board of Management assesses all business opportunities and determines investments by considering their commercial viability and their potential to have a beneficial impact for Indigenous people.

The most important consideration for the Foundation is that proposed business opportunities must demonstrate Indigenous employment outcomes, with Indigenous participation in meaningful roles in management and decision-making processes.¹¹

As the overarching governing body of Ngarda, the Board of Management of the Foundation provides strong leadership and brings together appropriate skills and capacity to:

- manage the interests of the Foundation;
- possess interest and knowledge that is relevant to the region. This could include a demonstrated involvement in economic development of the region, ie. business, the resource industry, employment and tourism;
- have a decision-making capacity that meets the needs required at an executive level; and
- the ability to work cooperatively to achieve agreed goals across a wide range of economic issues.¹²

10 Taylor, B., communication with the author, 18 October 2006, p7.

11 Ngarda Ngarli Yarndu Foundation *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, p11.

12 Ngarda Ngarli Yarndu Foundation *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, p14.



Securing adequate resources

A significant feature of the Foundation is that it does not receive any form of government funding, nor is it supported by native title revenue. The only funding that the Foundation has received was one-off start up grant of \$150,000 from ATSIC to establish Ngarda in 2000.

The funding at the time was inadequate as it provided funding for 12 months, supporting one salary, a motor vehicle and administration costs.¹³

The Foundation's resources have increased over time due to commercial investments such as Ngarda which has delivered long-term returns in the payment of dividends and interest on loans.

Since 2000, Ngarda Civil and Mining has received further loans from its shareholders; the Foundation, IBA, and Henry Walker Eltin to the value of \$4 million divided according to shareholder proportions. These loans are currently being serviced and are provided as working capital.¹⁴

Achievements and success factors

Ngarda currently has in excess of \$200 million in contracts with various companies. The Indigenous workforce employed by Ngarda receives approximately \$10 million in wages per annum.¹⁵ The preference to recruit from local communities means that a portion of those wages go back into the local economy of the region, in turn creating social and economic opportunities for other members of the community.

The commercial success of Ngarda has allowed the company to support a range of independent enterprises and community based projects.¹⁶ For example, Ngarda provides management and technical skills for the Port Hedland Community Development Employment Project (CDEP) program. The CDEP provides gardening and maintenance services to BHP Billiton. Ngarda has also provided management support to the Gumala Aboriginal Corporation and the Indigenous Mining Services; two Pilbara based Aboriginal commercial ventures providing contract services to the mining industry.¹⁷

Ngarda attributes its business success to 6 critical factors. They are:

- *Partnerships.* The partnerships that Ngarda Civil and Mining have with the Foundation, Leighton Contractors Pty Ltd and Indigenous Business Australia all share common interests in developing the economic prosperity of the Western Pilbara region and the inclusion of Indigenous people in those opportunities. The partners also increase the capacity of the company by providing a broad skills base.

13 Ngarda Ngarli Yarndu Foundation *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, p9.

14 Hughey, B., communication with the author, 30 January 2007.

15 Ngarda Ngarli Yarndu Foundation *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, p12.

16 Ngarda Civil and Mining, *Company brochure*, pp2-3.

17 Ngarda Ngarli Yarndu Foundation *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, pp4-7.



- *Quality Systems.* The company maintains a strong commitment to ensure its systems meet industry benchmarks and safety requirements.
- *Client Benefits.* Ngarda's clients are offered the unique combination of local knowledge, local people and on the ground experience, leading to a shared interest in the project success. The company has also developed a personal rapport with their clients and community.
- *Employment Policy.* The company is guided by its Indigenous Employment Policy which stipulates a minimum company workforce of 85% Indigenous personnel, preferably from the surrounding local communities.
- *Corporate Governance.* Ngarda Civil and Mining prides itself on its effective system of corporate governance and its capacity to deliver economic outcomes in a corporate environment. The leadership of the company, through its established and focused Board of Directors, believe that a functional and flexible system of governance is essential to the company and its outcomes and strongly support the continual development of effective corporate governance systems.
- *Economic Mandate.* The company has a mandate for economic development that leads to community development and stability into the future from its 6 Indigenous Board Directors, each of whom are members of their communities and the traditional owner groups of the region.¹⁸

Training for employment

A level of numeracy and literacy are important pre-requisites for employment in the mining industry. The legacy of long standing neglect of education in remote communities means that many potential employees are not work ready. As Barry Taylor, Managing Director of the Foundation observed:

Trying to get an Aboriginal person on to a mine is onerous. You have to pass courses and have certificates; given safety is a big issue. But a lot of our people are semi-literate, and if you can't read signs and you have an ore loader coming the other way you're in trouble.¹⁹

The Foundation recognised that Indigenous people were lacking in the skills and training necessary to meet the mining and construction industry needs. Ngarda responded to this by providing training opportunities that were specific to the local employment requirements.

At present, Ngarda is finalising the development of a training program aimed at providing a bridge between the needs of the mining industry and skills of the Indigenous members of the community. This program will meet the dual objectives of employing Indigenous people and meeting industry requirements. It will cover topics such as: responsible drinking; hydration; safe driving; fatigue recognition; fire fighting; safety on elevated platforms and training in the operation of equipment.

¹⁸ Ngarda Civil and Mining, Company brochure, pp2-3.

¹⁹ Mr Barry Taylor, Managing Director of Ngarda, from "Aboriginal workers cash in on mining boom" Andrew Trounson, The Australian, 24 July 2006.



As the program is being developed, Ngarda enriches the program materials by involving local Indigenous people in their design. This process ensures the relevance of the training program, a feature that is often lacking when non-Indigenous training programs are taken and 'Aboriginalised' without consideration for local needs. Ngarda works with local Indigenous people in identifying the relevance of the content, in honing the application of the message, and in obtaining advice about how the material can be presented. Ngarda expects to have both male and female Indigenous trainers and mentors involved in the delivery of the training.²⁰

According to the Ngarda Managing Director, involving local Indigenous people in the development of training creates a culture of commitment, and is an important step to ensuring that Indigenous training participants fulfil their responsibility to attend and engage in courses that are tailored for their needs.

Delivering culturally appropriate training both in formal education settings and in the workplace serves a number of purposes. If culturally appropriate training is developed with the involvement of local Indigenous people it gives both training participants and Indigenous employees' ownership of their workplace skills and knowledge.

Many employees who have been developed and trained through Ngarda's program have become marketable and competitive employees. In some circumstances Ngarda has found it difficult to offer their employee's packages that meet the salaries of mining companies as the Managing Director explained:

We offered one Aboriginal engineer who worked for Main Roads for about \$80,000 per year a Regional Manager's position on an annual salary package of \$250,000 per year. Rio Tinto came and offered him a package of \$350,000. How do you compete with that? We lose a lot of workers to mining companies but it creates more opportunities for others and it's a backhanded compliment to us. If BHP or Pilbara Iron can pick up our employee's they get better pay.²¹

The creation of employment opportunities in the Western Pilbara region has enabled the Indigenous people of the region to develop and utilise their skills, receive remuneration accordingly, provide for their families, and lead their community with pride.

Challenges, pressures and impediments

Approximately 35 percent of the population of the West Pilbara is under the age of 18. This has proved to be a constraint for the company as it limits the potential of continuous availability of an Indigenous workforce. The Ngarda Civil and Mining Business Plan aims to achieve an Indigenous workforce of approximately 500 people between 2006 and 2008. This will require the recruitment of approximately 250-270 people to ensure there are no disruptions to operations and employment quotas are reached.

According to Ngarda, social impediments such as substance abuse and anti-social behaviour have had an impact on the potential employment opportunities in the

20 Ngarda Civil and Mining, *Correspondence with Aboriginal and Torres Strait Islander Commissioner*, Email, 5 October 2006, p1.

21 Taylor, B., communication with the author, 18 October 2006, p8.



region, particularly amongst school leavers. Ngarda has a zero tolerance alcohol and drugs policy and conducts regular testing of employees.²²

Another disincentive to employment is the cost of living in mining regions, and policies which make it difficult for Indigenous people to make the transition between welfare and employment. Despite employment opportunities and attractive salaries of up to \$90,000 per annum, employment data suggests that this is not incentive for Indigenous people to take up positions. One reason for this is that at a certain level of salary, employees lose eligibility for subsidised public housing. The Managing Director of the Foundation noted:

They may earn good money, but it may not be enough to cover the rents which are \$500-600 per week for a house. Also who is going to rent to blackfellas with the housing and land shortage? They would rather rent to someone where they can get \$800-900 per week. The market is dictating the rentals.²³

The Foundation is considering buying houses for Ngarda employee's to alleviate this problem.²⁴

The Foundation is continually considering new and different commercial opportunities. This will put pressure on the Board of Directors to make the right decisions. One of the challenges that may arise from this is the limited access to capital to invest in such opportunities and to fund growth.²⁵

Conclusion

The success of Ngarda Ngarli Yarndu Foundation through the vision of the previous Ngarda Ngarli Yarndu ATSIC Regional Council, and its subsidiary company Ngarda Civil and Mining, provides a model for governance and a system for enterprise that balances the dual objectives of profit and community development.

While the Ngarda experience may not be directly transferable to other regions and other entities, aspects of its business can be emulated elsewhere. To this end, the Ngarda Ngarli Yarndu Foundation have been working with other Indigenous groups in Australia, particularly groups in South Australia to promote best practice and to provide a business model that contains principles that can be duplicated and implemented. The business model adopted by the Foundation is applicable to both traditional owner groups negotiating agreements with industry, and other Indigenous business entrepreneurs independent of the native title process.

According to the Minerals Council of Australia (MCA), at best we can say that in 2006 Indigenous people represent about five percent of the minerals industry workforce. The MCA report that more and more operations are adopting Indigenous employment targets to ensure that the composition of their workforce reflects the proportion of Indigenous people in the region. For example, the Pilbara operations of Rio Tinto and BHP Billiton now have a target of 12 to 15 percent Indigenous workers, and the East Kimberley operation of Rio Tinto has a target of approximately

22 Taylor, B., communication with the author, 18 October 2006, p5.

23 Taylor, B., communication with the author, 18 October 2006, p4.

24 Taylor, B., communication with the author, 18 October 2006, p4.

25 Ngarda Ngarli Yarndu Foundation *Correspondence to the Aboriginal and Torres Strait Islander Social Justice Commissioner*, 31 October 2006, pp6-13.



40 percent.²⁶ The majority of these targets are negotiated through native title and related agreements.

There have been many attempts over the years to implement Indigenous recruitment programs in the Pilbara. These projects have targeted all business sectors, and the majority have not been successful. Job readiness and cultural issues have been identified as factors contributing to failure.²⁷ Mineral companies such as Rio Tinto, have been developing relationships with Indigenous people over the past decade and are finding that recruiting from local communities cuts back on the enormous cost of flying city-based employees in and out of sites. In addition, there is a social capital benefit in employing locally, as local employment contributes to the communities that are directly affected by mining operations.²⁸

Mining companies are finding that Indigenous people potentially provide a stable workforce because they are more than likely to be long term residents of the area. Indigenous people are more than likely to raise their children in the area and to be descended from long lines of traditional owners of the area. They know the land, they know the heritage of the area and they are a part of the continuous history of the area.

26 Minerals Council Australia and Chamber of Minerals and Energy Report: *Staffing the Supercycle: Labour Force Outlook in the Minerals Sector, 2005 to 2015*.

27 Smith, F., *Indigenous recruits ease staff shortages* (29 August 2006), *Australian Financial Review*, 59, p1.

28 Smith, F., *Indigenous recruits ease staff shortages* (29 August 2006), *Australian Financial Review*, 59, p1.

