

Regional partnerships

The Pilbara Community Partnerships Fund formally commenced in 2006 and has made a commitment of \$9 million over three years to build capacity and promote sustainability in the region.

We currently have 19 partnerships in the Pilbara and programmes supported were those highly prioritised during our work with local community advisory groups.

Current Pilbara regional programs include:

PROGRAM	DESCRIPTION
Leaping Lizards	A program offered to local primary schools to promote healthy eating and physical activity.
David Wirrpanda Foundation	Supporting Indigenous youth via mentoring programs.
School of Isolated and Distance Education	Providing an educational opportunity for high school students to study in Pannawonica.
Mentally Healthy WA	A major initiative promoting positive mental health in the community.
Early Learning Specialist Scholarships	Provides financial incentives for people working in the child care field to undertake further studies in Karratha, Tom Price and Pannawonica.

Community Engagement

We are involved in regular consultation at the State and local level in many ways.

State consultation

Representatives from the business are involved in a wide range of Boards, Committees and Advisory Groups. Some of these groups have a direct impact on our business but others allow us to make a positive contribution to life in Western Australia as a whole.

Examples where our employees have taken Board or other leadership roles include:

- Leadership WA
- Tourism WA
- Australian Business Arts Foundation
- Australian Institute of Management
- FORM (Contemporary Craft and Design)
- Committee for Perth

RTIO makes time for staff to engage in and lead such worthwhile groups.

Local engagement

We believe we can play an equal part in helping achieve healthy towns and communities by ensuring all our business activities are of mutual benefit to the relevant parties and have sustainable outcomes for everyone.

We believe we can achieve this by actively listening to the community, actively participating and doing what we say we will.

This philosophy is demonstrated through involvement in:

- Dedicated Community Liaison Officers
- Regular community forums
- Community Advisory Groups
- Regular surveys
- Project-based consultation groups
- Indigenous Working Groups
- Formal and informal meetings with opinion leaders, NGOs and Government groups.

RTIO employees are also involved in a number of board and leadership roles with local and regional organisations such as TAFE and the Australian Technical College, and volunteer in organisations such as Fire and Emergency Services and Sea Rescue.

Aboriginal engagement

A high level of engagement with Traditional Owners is an important part of operating in the region and our business is involved across many areas including:

- Aboriginal Employment schemes
- An apprenticeship and traineeship scheme
- Administration of Native Title Agreements
- Cultural heritage management
- Business opportunities

As at December 2006 RTIO in Western Australia had 144 Aboriginal people in full time employment. A further 244 Aboriginal people were employed part-time or on a contract basis and Aboriginal consultants were engaged in heritage survey work for 2,570 field days. While Aboriginal employment levels have increased there is much more work to do to match the Aboriginal demographic in the Pilbara of 15 percent.

Support for Aboriginal businesses is a new direction that is providing clear economic and social benefits. Brida Pty Ltd's work on the Dampier Port upgrade is an excellent example.

Looking Forward

In the next year, we will further strengthen our financial support for the Pilbara with more regional partnerships.

While our community commitment can always be measured in financial terms, good management of our relationships is as necessary to our business success as the management of our operations. Strengthening these relationships through discussion and debate is the only way we can continue to be part of community life and secure our future operations.

To find out more, please visit our 2006 Sustainable Development Report online at www.pilbarairon/sd

Investing in the future of Western Australia



In Western Australia, Rio Tinto Iron Ore's Pilbara operations are world-class. We operate and maintain mining, rail and export facilities in the north west of Western Australia on behalf of the asset owners, Hamersley Iron and Robe River Iron Associates, both also part of Rio Tinto Iron Ore (RTIO).

With a network of 10 mines, three shipping terminals and the largest privately owned railway in Australia, RTIO Pilbara operations produce more than 150 million tonnes of iron ore annually and are growing towards 220 million tonnes. The RTIO growth strategy in the Pilbara has seen approximately US\$5 billion committed to port, rail, power and mine assets since 2003 to increase capacity and capitalise on strong demand internationally.

Understanding the communities in which we operate – locally and nationally – is important as is knowledge of the investment needed to sustain these communities.

This document provides a snapshot of our economic investment in 2006 and highlights our commitments to the communities in which we operate.

Community contribution

Although we see ourselves as part of life in Western Australia, our focus is on communities in the Pilbara region. RTIO has been active in the Pilbara for over 40 years establishing the towns of Dampier and Tom Price (1966) Paraburdoo (1970) and Wickham and Pannawonica (1972). We continue to have a close association with these communities as well as Karratha, Point Samson and Roebourne. We operate across lands associated with 13 Aboriginal language groups and have involvement with the local pastoral industry. Our business interacts daily with about 30,000 people or 60 per cent of the Pilbara population.

For more information contact Community and External Relations on 08 9327 2444

Contributing to Australia

RTIO is a significant contributor to Australia and Western Australia's economic health. The following figures show the economic benefits and commitments to the community in 2006.

Export revenue	US\$5,795M*
Company, employee & fringe benefits tax	\$1,247M

* Export revenue reported in US dollars to align with Rio Tinto annual results. All other financial figures are in Australian dollars.

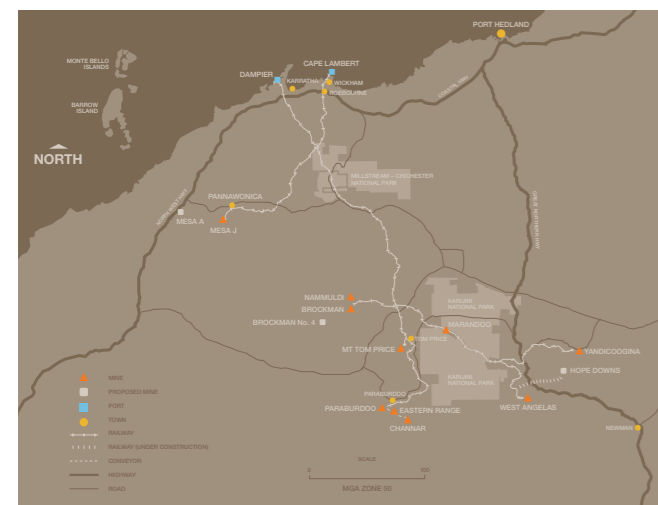
Contributing to Western Australia

Direct employment	4,800 jobs
Operations contractor employment	2,483 jobs
Expansion Projects' EPCM contractor employment	3,600 jobs
Salary & benefits	\$561M
Iron ore royalties to WA Government	\$411M
State Agreement rents*	\$24M
Payroll tax	\$30M
Other (property tax and rates)	\$5M

* Established to support Pilbara infrastructure

Total tax contributions

Total paid to Federal and State Governments	\$1,717M
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Payments for goods and services

We purchase a range of goods and services in order to operate the business effectively. In 2007, we spent \$2.7 billion across the operations and \$1.8 billion across expansion projects on a range of goods and services in the state, in Australia and overseas. Breakdowns of this local content spend is as follows:

Pilbara Operations

Western Australia	64%
Rest of Australia	33%
Overseas	3%

Pilbara Expansion Projects

Western Australia	82%
Rest of Australia	7%
Overseas	11%

Employee Benefits

We operate in remote parts of Australia and the cost of building houses and supplying services and infrastructure is much greater than in the city. In addition, in order to attract and retain staff, a range of employee benefits are paid above salaries. These include site allowances, travel assistance, interest assistance and other subsidies that in 2006 totalled \$171 million. The company paid the Federal Government \$4.6 million in fringe benefits tax associated with these staff benefits.

Contributing to Local Communities

Community support at the local level is important to the success of the business and we want communities to share in the benefits that come from our operations. This is done through:

- Flow-on effects of our economic activities
- Direct contribution to towns in the Pilbara
- Support for community groups
- Benefits to Aboriginal groups through Native Title payments, employment and training opportunities, education and business opportunities.

RTIO also provides many essential services and infrastructure needs for the towns it originally constructed. This includes supporting struggling areas of State services such as health, education and training. The following summarises our \$32 million infrastructure and maintenance support in 2006.

Town infrastructure

Dampier	Company is responsible for the majority of infrastructure in town; sewerage, community buildings, sporting facilities, drainage and town centre.
Wickham	Majority of infrastructure owned and maintained by the Company – Shire has responsibility for some sections of town; Water Corporation responsible for sewerage and drainage.
Tom Price	Company is responsible for electricity, sewerage and water (along with other assets not transferred in final normalisation agreement).
Paraburdoo	Company is responsible for electricity, sewerage and water (along with other assets not transferred in final normalisation agreement).
Pannawonica	All infrastructure owned and maintained by the Company; Shire maintains access road from highway.

Community support

We also contribute to a wide range of community initiatives as part of our everyday business and as part of our social responsibility commitment.

Community investment	\$8.1M
Direct payments	\$7.6M
Management costs	\$1.3M
TOTAL	\$17M

Community investment includes our long term investment in the community directly or through partnerships. It can be cash grants, donations, staff time, in-kind community support and charitable gifts.

Direct payments includes lump sums either under legislation or under a legally enforceable agreement. Management costs refer to community relations staff and contractors who administer community investment.

Partnerships

Partnerships are the cornerstone of our social contribution philosophy. Wherever possible, RTIO is not the only funding partner but one of a number of community and/or government bodies that contribute to a programme that benefits the community.

This approach to community programme development seeks to:

- Build a broader base for a more sustainable community programme in the longer-term
- Give RTIO and the community value for its funding contribution through real leveraging and promotional opportunities
- Work with local groups including Shire Councils and Aboriginal groups
- Provide a real benefit to the community driven by the community
- Establish sustainable community projects

Details of all community investments made by Rio Tinto in Western Australia can be found at www.ciwa.riotinto.com.

State partnerships

In 2007 RTIO is maintaining its increased commitment to developing community capacity in Western Australia. A total of \$6 million has been dedicated to state-wide community partnerships over the next three years under the Rio Tinto WA Future Fund. This funding is in addition to the dedicated regional partnerships programme in the Pilbara.

The Future Fund was established in 2001 to support community, environment, social and economic programs that can contribute to the future development of Western Australia, the welfare of its people and overall economic prosperity. Since this time it has supported more than 34 partnerships and committed more than \$11 million in funding, resulting in community programmes valued at \$32 million being delivered throughout Western Australia.

PROGRAM	DESCRIPTION
Better Beginnings	An award winning early intervention literacy partnership with the State Library of WA that encourages a life-long relationship between families and libraries. Launched in June 2005, the programme now involves nearly half of all WA State Libraries and more than 16,000 babies.
Future Volunteers	A new \$1 million partnership with Conservation Volunteers Australia (CVA) will facilitate over 1,000 days of work by volunteers on key conservation projects in the North West.
Kids Science State	Rio Tinto and Scitech promoting science education in WA. The roadshow celebrated its 10th anniversary this year and involved a total of 120,000 Western Australians in 2006.
Bio Maps	An Australian Museum project to map biodiversity in the Pilbara and make the findings publicly available. In 2006 the field work was completed, resulting in the collection of over 200,000 specimens and the discovery of five new genera.
Graham (Polly) Farmer Foundation	The Partnerships for Success initiative to improve educational outcomes for Indigenous students in Carnarvon and Kunurra. More than 70 students have now graduated from the program, with 20 students going on to university, 35 in apprenticeships and traineeships and 13 entering full-time employment.
Leadership WA	A programme for emerging leaders across business sectors enabling them to make a greater contribution to the community. More than 80 emerging leaders have graduated from the programme since it started in 2004.