

INDEPENDENT REVIEW COMMUNITY INFRASTRUCTURE AND SERVICES PARTNERSHIP



RioTinto

Final Report Executive Summary

August 2015

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Definitions and Acronyms

| | |
|-----------|---|
| CISP | Community Infrastructure and Services Plan Summary Annexure 1 |
| CoK | City of Karratha |
| MOU | Memorandum of Understanding |
| PGC | Partnership Governing Committee |
| PMG | Partnership Management Group |
| PMT | Partnership Management Team |
| Rio | Rio Tinto |
| Outcomes: | Outcomes are the longer term effects affecting a wider population; the anticipated benefits of activities. |
| Outputs: | Outputs relate to activity; the amount of something produced by a person, group or industry, usually quantitative under management control. |

EXECUTIVE SUMMARY

The Partnership agreement between Rio Tinto and the City of Karratha to work together to revitalise existing and develop new civic, sporting and community facilities and related services in the communities of Karratha, Wickham and Dampier is considered a resounding success.

The financial contribution to the Partnership by Rio Tinto of just over \$20million has catalysed and leveraged an investment of almost \$100million into Karratha (Dampier and Wickham). Importantly, almost 70% of funds expensed through the Partnership have been sourced externally, enabling the City to deliver an otherwise unattainable suite of infrastructure, program and service outcomes.

The Partnership's annual report publications boast seminal investments including the delivery of:

- Karratha Leisureplex
- Dampier Community Hub
- Roebourne District SES Building
- Township beautification of Dampier and Wickham
- Enhanced public transport with a community bus and new bus shelters in Dampier

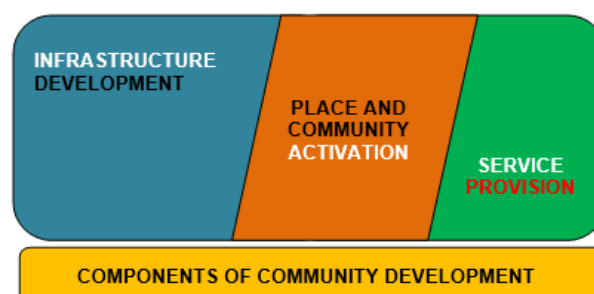
Moreover the Partnership has been instrumental in enhancing community life through new or improved services delivery including:

- Ranger and Indigenous trainee ranger program
- Medical services equalisation program
- Club development officer
- Cleansweep program

And finally through the support of festivals and events to activate spaces and create participation and belonging in community through a diverse events, festivals and arts and cultural program with flagship events such as:

- Twilight Tunes
- NAIDOC Week
- Cossack Arts Award
- Red Earth Arts Festival
- Australia Day Celebrations
- Community Sport awards and Future Clubs awards

This essential blend of infrastructure, service and program delivery is seen as key to the current and future success of the Partnership as outlined in the community development model below.



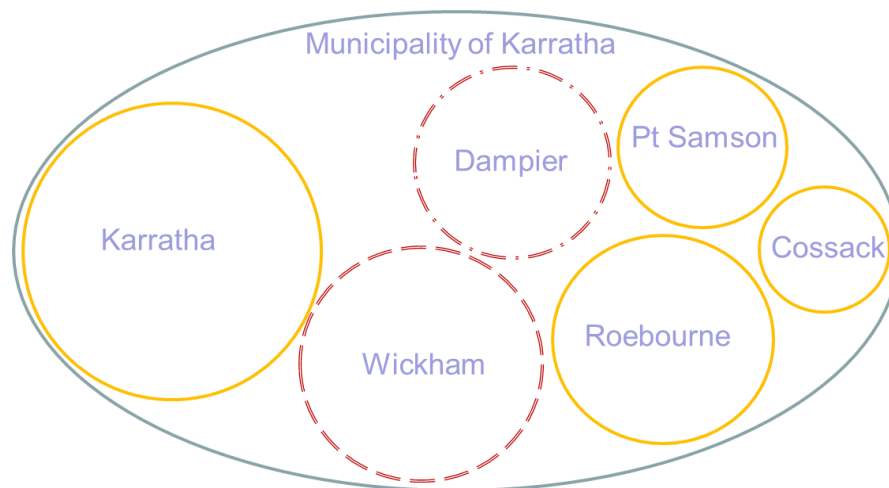
The circumstances surrounding the early years of the Partnership were ideal. There was a lot of low hanging fruit (readily identified and high impact project options), the parties (personalities) involved were enthusiastic and committed, the economy was in boom, Rio Tinto had made a generous financial commitment and the City had developed an in-house competency and capacity and were primed to deliver project outcomes.

Nonetheless the results, assessed against all measures are significant and should be roundly celebrated.

Consequently, one could be tempted to say about the future of the Partnership that “if it aint broke, don’t fix it”. However, all parties recognise that the circumstances and conditions in which the Partnership was forged are vastly different from those it will now be required to operate under.

Despite the changed environment, the solid foundation already established must be exploited to consolidate the Partnership’s success and future potential. Moreover the learnings from the first two years provide an opportunity to streamline and enhance the agreement for the future. The prevailing view is that the Partnership can achieve much more.

A new, perhaps broader focus for the Partnership is required. The City of Karratha and Rio Tinto have both shared and competing town management roles. The purpose of the two organisations is vastly different and accordingly they have different drivers and motivations, however, there are significant areas of common interest and opportunities for cooperation that deliver mutual benefit. These areas of common benefit should provide the substance of the ongoing Partnership Agreement.



The City has a whole of municipality responsibility and Rio Tinto’s obligations are primarily related to Dampier and Wickham. Noting that the purpose of the Partnership is to make the City of Karratha a more attractive place to live, work, play and stay, then the Partnership should take a more holistic view to improving the quality of life and well-being for all residents, underpinned by economic prosperity and sustainability.

The already strong relationship, built on a sense of trust and shared intent between representatives of the two organisations provides a range of opportunities to improve the Partnership. These include:

- Embed the Partnership values and benefits deeper into both organisations;

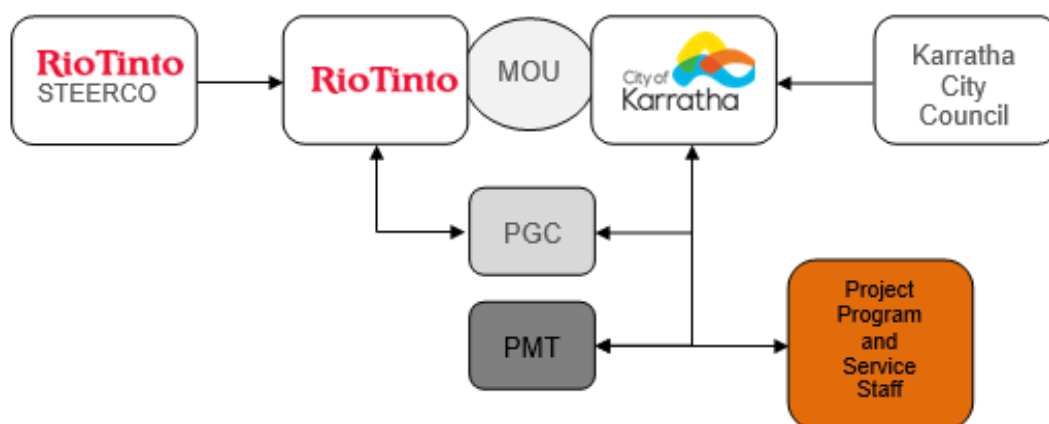
- Establish a long term agreement to provide certainty of operations;
- Build in capacity for program flexibility to respond to changing community needs;
- Elevate the level of Rio Tinto's decision making authority at the Partnership Governing Committee (PGC) level to remove uncertainty and delays in approvals;
- Simplify the governance model by dissolving the Partnership Management Group (PMG);
- Empower the City to deliver Partnership outcomes under a broad agreement to be managed by the Partnership Management Team (PMT) and overseen by the Project Governing Committee (PGC); and
- Refine the KPIs metrics and reporting mechanism for the PMT for enhanced transparency and accountability.

In this context it is recommended that a new Partnership agreement be negotiated as soon as possible with:

- Time and effort dedicated to documenting and agreeing how the various townships will evolve – a shared statement of strategic intent;
- The roles each party will play and their responsibilities to deliver infrastructure, programs and services in each of the townships;
- An agreed value sum to be targeted for Partnership operations detailing Rio Tinto, City of Karratha and leveraged inputs, to provide certainty of operations;
- Fully empowered decision makers from both organisations negotiating the detail of the agreement; and
- A degree of flexibility in project, program and service expenditures built in to enable ready response to changing circumstances.

In more detail it is recommended that the new Partnership Agreement be negotiated and develop broadly as follows:

1. Governance and Structure:



2. Future projects:

The following table proposes a selection of items for consideration for the next phase of the partnership. Importantly they reflect the essential blend of infrastructure, service and program delivery as outlined in the community development model described above.

| Infrastructure: | Place Activation | Staff and Services |
|--|---|---|
| Karratha Arts and Community Precinct | Arts and Culture <ul style="list-style-type: none"> Red Earth Arts Festival Cossack Art Exhibition Event and program sponsorship | Community Safety <ul style="list-style-type: none"> Cleansweep and Safety Programs Ranger and trainee Indigenous ranger service |
| Wickham Community Hub: | Sense of Identity <ul style="list-style-type: none"> Aboriginal Focus Australia Day Celebrations Individual Town activities Multicultural Support | Wickham Recreation Precinct OPEX contribution including: <ul style="list-style-type: none"> Wickham Bistro Saylor Park |
| Township beautification stages two and three – Wickham, Dampier and Point Samson | Capacity Building <ul style="list-style-type: none"> Health Support Programs Club Development Support | Youth Services <ul style="list-style-type: none"> Youth Engagement Program Wickham Youth Services |
| Community Asset Maintenance and Transfer – Dampier and Wickham | | Partnership Management <ul style="list-style-type: none"> Lump sum contribution |

It is also proposed that a series of guiding principles be put in place to be used by the Partnership Governing Committee in this regard. For example:

- The proportion (e.g. 40%, or range e.g. 35%-45%) of total Partnership funds allocated to Infrastructure;
- The proportion of Partnership funds allocated to place activation events and activities under a Rio Tinto sponsorship banner;
- The proportion of total Partnership funds allocated to staff and services expenses;
- The proportion of the Partnership funds allocated to infrastructure projects in localities outside of Wickham and Dampier being limited to no more than 30% of the total project funds; and
- Annual CPI indexation of the Partnership Management Team funding; and
- A portion of the infrastructure funds allocation shall be allocated toward community asset maintenance and transfer in Dampier and Wickham to assist with a move to normalisation of the townships.

3. Operational management

The Partnership is formally managed as an independent but fully aligned business unit within the City operating under declared statements of Mission, Vision, Objectives, and Outcomes, which is required to:

- a. Develop a detailed business plan which fully articulate the Projects, Programs, and Services complete with implementation timelines, operating income and expenditure projections (including leveraging targets) and performance measures, for the duration of the Partnership agreement and revised annually;
- b. Prepare needs assessments, feasibility studies and business cases for each project, program and service as part the business planning process;
- c. Clearly identify the connections / relationships between the MOU and the associated Funding Agreements and Project Plans and describes the alignment with the City's Strategic Community Plan and Rio Tinto's Community Investment Framework and supporting and informing documents;
- d. Adopt a consistent terminology, in particular with respect to projects, for use throughout the Community Infrastructure Plan, Funding Agreement, Partnership reports, media statements, agendas and minutes to the Committees and in the Annual Report.
- e. Report to the Council under prescribed local government procedures and to the PGC with detailed agendas and the minutes of meetings being presented for acceptance as a true record of those meetings and duly signed by the Chair before being placed on record.

A more detailed statement of recommendations is provided in section 7 on the full report.