

RioTinto

Economic Contribution Australia 2017



About this report

Rio Tinto recently commissioned ACIL Allen Consulting to undertake an assessment of Rio Tinto's contribution to Australia's economy.

This report outlines the various ways in which Rio Tinto's operations in Australia help to grow the country's economy to the benefit of all Australians. This happens through direct impacts such as employment and spending on goods and services, as well as through flow-on impacts such as job creation in the wider economy and increases in real wages for working Australians.

Key assumptions

In undertaking this assessment, the following assumptions have been made:

- For the purposes of this report, "Rio Tinto" means the companies comprising the Rio Tinto Group, including Rio Tinto plc, Rio Tinto Limited and their related bodies corporate and any unincorporated joint venture which they manage or have a participating interest of not less than 50%. ACIL Allen's study describes the economic impact associated with fully operating these sites. An exception is the impact associated with taxes paid and most community investment spending. Only taxes and royalty payments by Rio Tinto were included in the analysis.
- All results and input data were based on Rio Tinto's operational footprint and activities during the 2017 calendar year. Rio Tinto has since announced some changes to its operational footprint, including some asset sales.
- All values are expressed in Australian dollars.
- The analysis includes expenditure to operate Rio Tinto's operations in Australia as well as spending on exploration and construction activities in Australia.
- All production, spending, community investment, employment and taxation and royalty data has been supplied by Rio Tinto, Tomago Aluminium and Queensland Alumina Limited.
- All economic impact results are based on Rio Tinto's operations in Australia, and are related to the spending on goods, services, community investments and wages to operate the assets as well as the spending by employees on goods and services through wages earned.

Economic modelling

In undertaking this study, ACIL Allen developed Input Output models of the Australian economy, the Queensland economy and the Western Australian economy to estimate the economic

impact of Rio Tinto's operations on these economies. Input Output tables capture the direct and indirect effects of expenditure by capturing, for each industry, the industries it purchases inputs from and the industries it sells its outputs to. For example, the Input Output model for Western Australia captures purchases from and sales to industries located in Western Australia, as well as 'imports' from outside of Western Australia including from other States and Territories in Australia. Rio Tinto's operations effectively form an industry in the Input Output tables, and data describing Rio Tinto's operations was entered into the model to trace the linkages between it and other industries. These linkages have been used to determine the economic impact of Rio Tinto's operations on the economy.

The outputs of the economic modelling were:

- Contribution to Gross State Product and Gross Domestic Product – Gross State and Domestic Product are measures of the size or value of an economy over a period of time. For this report, they are a measure of the value of Rio Tinto's operations to the economy in 2017.
- Contribution to real incomes – real incomes (real wages and salaries incomes) provide a measure of the welfare of residents in an economy or their ability to purchase goods and services and to accumulate wealth. Real income measures the income available for final consumption and saving after adjusting for inflation. For this report, the contribution that Rio Tinto's operations make to the real incomes of people living in Australia in 2017 has been estimated.
- Employment creation – employment creation is measured in full time job years which is the employment of one full-time equivalent (FTE) person for one year. Its measure is therefore potentially less than the number of employed people which will include a count of the number of full-time, part-time, casual and contract workers. It includes the FTE workers that are directly employed in Rio Tinto's operations.

Rio Tinto in Australia

Rio Tinto has been operating in Australia for more than 100 years – since the Consolidated Zinc Corporation was founded in 1905 in Broken Hill, New South Wales.

Australia is home to around half of our global assets. In 2017, we produced iron ore, coal, bauxite, alumina, aluminium, uranium, diamonds and salt from more than 30 operating sites and processing plants around the country. We also have offices in Melbourne, Perth and Brisbane.

We are committed to building sustainable and economically resilient communities and devote significant resources towards achieving this every year.

Our Australian operations have pioneered technologies that minimise our impact on the environment and improve safety and working conditions.

We are proud of this heritage and the significant contribution we make to the lives of so many Australians. We hope to build on this for many years to come.



Local support for the Amrun Project

Rio Tinto's Amrun bauxite project in Queensland will contribute to socio-economic growth in the region for the next 50 years. It includes a mine, processing facilities, power station and a port. The ethos of the Amrun Project and the future operation is to employ local, buy local and grow local businesses.

The project has committed to spend \$1.92 billion with Australian suppliers, \$1.37 billion with Queensland businesses and 99 per cent of direct project spend on Australian companies.

Almost 80 per cent of the on-site construction employees are Queenslanders, including more than 200 Aboriginal people and Torres Strait Islanders. The Amrun Project partnered with community organisations that work with unemployed people to help them into full-time employment.

Shipping

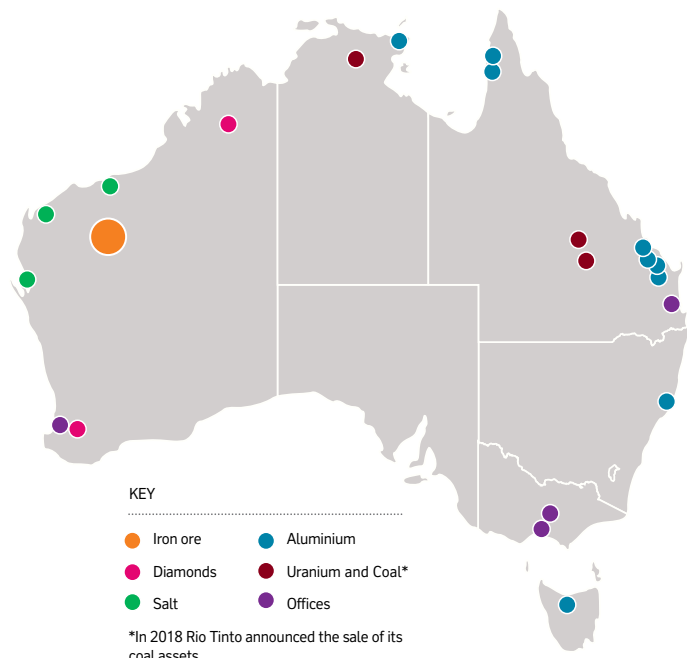
Rio Tinto agreed a new long-term contract with Western Australian-based company Westug to provide towage services at the company's iron ore ports of Cape Lambert and Dampier in the State's Pilbara region. The contract, valued at more than \$200 million over five years, covers the four terminals at Rio Tinto's two ports in the Pilbara which last year shipped a combined 330.1 million tonnes of iron ore to customers. Under the contract, Westug will be responsible for the operations and maintenance of Rio Tinto's tug fleet of 11 vessels as well as four smaller craft. The contract will help sustain more than 130 jobs.



Importantly, Rio Tinto's values around local procurement align with those of Westug's and we look forward to seeing the benefits of this approach flow through to local businesses and workers in the Pilbara."

Ivan Vella

Rio Tinto Iron Ore managing director
Rail, Port & Core Services



Economic benefits to Australia

Rio Tinto's operations make a significant contribution to the Australian economy through production, employment, spending and payment of taxes and royalties. There are also indirect impacts associated with spending by its employees and suppliers.

In 2017, Rio Tinto's operations in Australia (including all operations, exploration and construction activities) contributed

\$42.7 billion



to the Gross Domestic Product of Australia.



It's great to see that Rio Tinto is investing in local businesses in Weipa and seeing that money go back into the community."

Sharon Evens
Owner, Cape Dingo
Embroidery and Lasereng



The contribution of Rio Tinto's operations in Australia to the Australian economy in 2017 is equivalent to

2.5%

of the Gross Domestic Product of Australia in 2016-17.

Rio Tinto is one of Australia's largest tax payers



\$4.9 billion
in taxes and royalties to Australian governments.




Equivalent to nearly
2.5 Capital City Hospitals

or


3 Optus Stadiums



A further
\$964 million
was paid in income taxes on wages by employees.

Rio Tinto's operations in Australia spent over

\$12.2 billion

on wages, community investments, and goods & services from over

9,000 businesses in Australia



Creating jobs

Rio Tinto operations in Australia directly employed

21,911



FTE people in Australia. This is equivalent to

\$3.0 billion in wages paid.

Rio Tinto's operations in Australia created almost

111,500



FTE jobs in 2017 and added

\$10.5 billion

to the real incomes of Australian residents in 2017.



Partnering with local businesses and communities



Rio Tinto invested

\$27.5 million



in the Australian community in the form of financial contributions. Additional in-kind contributions were made in the form of the donation of goods, services and man hours to support the community.

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This is a revised report published on 15 May 2019. It updates and supersedes the previous report published on 18 October 2018. ACIL Allen Consulting acknowledges that in preparing the previous version of this report, an error was made in reporting the total value of spending on goods and services, which has now been rectified in this revised version. The error only applied to the reported value of spending on goods and services, and did not apply to any other findings by ACIL Allen Consulting contained within the report.