

INDIGENOUS RIGHTS

mending fences in the outback

Rio Tinto's efforts to improve relations with the indigenous community near one of its operations in a remote part of Western Australia have brought a number of benefits to local people and, as a side effect, have also increased the mine's commercial prospects

A rather special 'barbie' took place in a remote part of Western Australia this summer. Kangaroo and bush turkey were on the menu, while people who had spent years viewing each other with varying degrees of mutual suspicion took part in a traditional aboriginal welcome ritual in which participants walked through the smoke of fires.

The colourful celebration was to mark official government recognition of a landmark agreement that will map out a settled future for the Argyle diamond mine in East Kimberley and, both parties agree, represents a turning point in relations between the Rio Tinto-owned company that runs the mine and the indigenous Gidja, Mirriuwung, Malignin and Woolah peoples who have lived in the area for more than 40,000 years.

The Argyle Participation Agreement, signed by Rio Tinto subsidiary Argyle Diamonds and the traditional aboriginal owners of the mining area 550 kilometres (344 miles) southwest of Darwin, aims to underpin the future expansion of mining at the culturally sensitive site by recognizing the indigenous people as the land's custodians. The agreement offers the aboriginal community a say in the management of the mine and associated heritage sites, and gives indigenous people a bigger presence in Argyle's business – as trainees, employees and owners of companies supplying the mine. Crucially, it also commits Argyle to supporting a native title claim to ensure that the indigenous people regain and retain 'indisputable possession' of the land after the mine's closure.

All this gives the legal agreement considerable symbolic value, marking what Rio Tinto describes as 'a point of departure from a divided past'. It may also show how corporate relationships with indigenous communities can be dramatically improved.

Reaching the stage where everyone could celebrate with a barbecue was no easy task. Drawing up the agreement took five years of delicate negotiation, as well as a lot of careful fence-mending on both sides. By Argyle Diamonds' admission, relations between the company and local people have had a sometimes 'unhappy history', with disagreements over access to and ownership of land, cultural misunderstandings and aboriginal resentment at a lack of economic benefits and employment flowing from the mine's operations since it opened in 1985.

Although Rio Tinto's overall group commitment has been important in establishing good relations, so has local leadership – in the form of Argyle

the company

Rio Tinto is one of the world's largest mining groups, with a turnover of \$4.4 billion (£2.5bn) in 2004. While North America and Australia each account for about 40 per cent of the group's assets, it has activities in more than 40 countries. It:

- provides assistance to businesses near its Morro do Ouro gold mine in Brazil, where it has provided equipment and technical advice to subsistence farmers
- helped farmers near its Kelian mining complex in Indonesian Borneo to triple their harvest yields in advance of the mine's closure last year – as a way of reducing the local impact of the closure
- has increased local indigenous employment levels in its Australian operations tenfold since 1995

the background

According to the 1996 census, indigenous people account for 2.1 per cent of the Australian population. The Centre for Aboriginal Economic Policy Research says jobs for indigenous people in the mainstream

Diamond's managing director, Brendan Hammond, who took over in 1998 and was immediately struck by the economic and social exclusion of indigenous communities living near the mine, where the company has invested millions over the years. Within two years of arriving, Hammond had set the agreement negotiations in train. Crucially, senior managers were personally involved from the outset, a move designed to 'acknowledge the standing of the parties and their leadership as comparable'. Many initial meetings were without any formal

■ government recognition of the land agreement was celebrated with traditional aboriginal ceremonies this summer





agenda at all, intent more on fostering goodwill and establishing trust than anything else. There were also visits by company staff, not only from Argyle, but within the wider Rio Tinto group, to indigenous communities.

At the same time, the company began to introduce social inclusion programmes that signalled its future intent. These included health initiatives, such as a diabetes management and care project, and infrastructure improvements.

In 2003 Argyle also made an unconditional apology for past transgressions, and offered financial reparations for disturbing a sacred area.

By June 2003 the two parties had signed a draft 'framework agreement'. The benefits to indigenous people of the full agreement, which was signed in September 2004 and registered with the National Native Title Tribunal two months later, have been clear to see. Argyle has undertaken to increase the proportion of local workers at the mine to 80 per cent from its current 50 per cent level to reflect the demographics of the area and to favour firms owned or run by aboriginals in contract tenders. The agreement will also require all staff and contractors to undergo cross-cultural training, and will make regular payments to the community, indexed to its net profits, through two local trusts.

The benefits to the company could be just as far-reaching. Argyle has already received support from the indigenous population for a feasibility study into underground mining on the site that could extend diamond mining there for a further 20 years beyond the scheduled closure date of 2008. Now there appears to be a 'licence to operate' where once

the deal commits the company to supporting a native title claim to the land after mine closure

there was only doubt about the future and the possibility of court battles over native title claims.

The company's financial support for training, education and health programmes should also help improve the capacity and vibrancy of the local economy – which in turn will benefit Argyle. The question of traditional ownership has, in the words of Hammond, 'been transformed from a subject of criticism and antagonism to a source of pride'.

It's been a source of pride, too, for the indigenous community. 'Reconciliation is a two-way thing, and until now it has been more one-way than two,' says Ethel McClennan, a local aboriginal traditional owner who took part in the talks. 'Here we have tried to do things two-way, and we hope this way of working for the good of everyone can happen across the country.'

■ Argyle managing director Brendan Hammond celebrates the agreement with aboriginal representatives Chocolate Thomas and Evelyn Hall

■ Further information: Hugh Leggatt at

comment RIO TINTO



Rio Tinto shows in this case study how, by living up to its responsibilities to the local community, a company can reap the benefits. Through painstaking and carefully managed dialogue with the aboriginal community, Rio Tinto has been able to secure the future of a lucrative diamond mine that was previously in jeopardy because of ancient Aboriginal native title claims.

points of note include:

- the commitment of the company to increase the proportion of workers from the local community to reflect the demographics of the area
- the financial investment in the community which will continue to improve the education and health of local employees as well as maintain good relations with local people
- the cross-cultural training of employees and contractors to ensure that the new spirit of reconciliation will remain embedded in the culture of the company

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