

**Speech by Mrs Gina Rinehart
Delivered by Professor Ian Plimer
National Mining & Related Industries Day
22 November 2016, Mount Isa**

Good afternoon distinguished guests and friends,

It is great to celebrate with you in Mount Isa today the 4th annual National Mining & Related Industries Day.

Thank you very much to PwC and NAB for sponsoring today's event. Thank you also to Glencore, especially Mike and Chelsea from Mount Isa Mines, and Rhonda from AusIMM North Queensland for helping organise today's special lunch.

Today is the day to pose a question for all Australians to consider: "Where would our nation be without the mining industry?"

Who would be paying more taxes, to support our defence, police, roads, airports, elderly, health, recreation and more, without the mining industry?

Today is a national day to celebrate the enormous importance and contribution of our mining and related industries.

22 November also marks the important date that my father, Lang Hancock, first discovered iron ore deposits in the Pilbara, and with their development, have changed Australia's economy and living standards and resulted in Australia becoming a global mining leader.

Today is a day to cheer on all those who work in these industries, and to remind those in the mining industry to be proud of their industry, and to stand up for it constantly. It is a day to remind our political leaders and media of how much more difficult things would be if it weren't for the contribution of our mining industry, and the many related industries that require the sustainability of the mining industry.

It is also a day to better understand the basics required to continue the benefits from these important industries, industries other nations wish they could have.

We are an industry that is at the forefront underpinning Australia's prosperity and living standards.

We are an industry that not only contributes significantly to national and state taxation revenues, but one that is innovative and one that provides opportunities to many.

Let's be encouraged to speak up for, and defend, our industry.

The mining industry accounts for around 60 per cent of all exports.

Without mining you wouldn't have the 35 different minerals available that make up your mobile phone. Imagine that, a world without phones, and iPads, and computers.

Please Look around this room, this city and every other Australian city. They wouldn't and couldn't be the same without the mining and related industries.

Our industry has also built large parts of Australia.

We have brought investment, opportunities, infrastructure, city conveniences and jobs into some of the most remote and in-need places in our great country.

In some remote centres, 50 per cent of total employment is in mining.

At our own expense, we build towns, villages, roads, sporting facilities, swimming pools, shops, community facilities, rail lines, seaports, airports and many other items of infrastructure.

Moreover, while much of Australia is talking about the technology revolution, the mining industry is actually doing something about it.

Automatic trucks, automated rail, and remote operations centres have moved from the realm of Star Wars to the practical day-to-day. Drones are now a part of the engineers and surveyor's toolkit, and deep analytics and data lakes are used in everyday business improvement projects.

This revolution is continuing, and will create new high tech jobs and catalyse new Australian innovation initiatives.

If this isn't enough, let's not forget that mining and its related industries also ensured that Australia survived the Global Financial Crisis (GFC) relatively unscathed.

Mining companies paid around \$25 billion in royalties and taxes in the 2013–14 financial year alone.

My own private family company is Australia's biggest private taxpayer, and our tax, just like the rest of those paid by the mining industry, helps to fund vital government services, our hospitals and health care centres, the defence of our nation, our police, our roads, the care of our elderly and those who are unable to look after themselves. And more.

How many other industries have done as much, for as long as our mining industry has?

The media at times pressure politicians to spend more taxpayer's money, and politicians in turn often succumb to this and announce greater expenditure, and our record debt increases. But the focus seems to have been lost regarding creating the revenue to pay for

increased expenditure, creating a good environment for investment and for enabling export industries to be cost competitive internationally, given so many expensive government burdens.

Is it any wonder that investment in Australia is now the lowest it's been since the Whitlam years?

Thank goodness for Mount Isa, a town built on mining, a town that has to cope with what are at times tough conditions, yet it's people have done so, and attained a proud history of being one of the most successful mining towns in the world.

From the days when great Australian prospector and pioneer John Campbell Miles discovered the copper, silver and zinc reserves in Mount Isa during his exploration in the 1920's, Mount Isa has continued to show just how the mining industry can perform in outback Australia.

Our government now has to borrow more money just to be able to pay the interest costs of previously borrowed money.

For Australia to prosper it needs investment to be encouraged with good policies, less government tape and lower government taxes and costs, and, Australia needs our mining and related industries, and all our export industries. But our government seems to be out of touch, in around 2 years of commodity price cuts, and many calls to reduce government red tape and other government burdens, what have they actually done to cut government burdens to enable us to still be internationally competitive?

There's no 'buy Australian' campaign that will induce our trading partners to purchase our products if it costs more than competing nations. There is no place for government intervention in the commodities export market, but our international customers will buy our products if they remain cost competitive, and reliable.

As an export-orientated nation, with a relatively small population, our prosperity and high living standards depend on our ability to export competitively and sell our goods overseas.

Fundamental to international competitiveness is low government regulation burdens, low taxation and other government expense.

We somehow need to get our government to understand, despite its members usually not from a business or mining related background, that we can't tax our way to prosperity, and the government needs to be more financially responsible, and needs to spend less and reduce our record national debt, instead of being induced by media to spend more.

I recently visited Washington D.C., where I had the pleasure of listening to and meeting various members of Trump's campaign team, including former New York City mayor, Rudy Giuliani, and Trump's campaign manager Kellyanne Conway.

Trump and his team won this election because they listened to the people of America, despite the significant problem of constant and unrelenting negative coverage of the President-elect, including at times his loyal supporters, such as his wife, in attempts to upset the focus of the President-elect. People close to the President-elect and his campaign advised that their countrymen told them they wanted, firstly less government tape, secondly less taxation, and for the USA to grow and be economically strong again, and provide more sustainable jobs.

And how exciting, this is exactly what the President-elect, and his team, are advising they want to deliver for America and its struggling economy. In addition to wanting to deliver secure borders, a safer country and less government debt.

Trumps team members advised that the President-elect wants to cut federal government tape by 50 per cent in his first months of office, and that he wants to cut company tax to 15 per cent.

What a kick-start to the American economy that will provide!

If only we were hearing similar policies from our own government.

We need to let our government know this would be good for Australians too. Instead of continuing along the path of the Greece example, that being, increasing irresponsible government expenditure and debt, to the ultimate detriment of the people of Greece.

Unfortunately for Australia, government regulation and red tape is one of our biggest industries...and its growing!

Decades of regulations piled upon regulations with little thought as to how this would impact business and indeed, the economy and living standards.

To attempt to illustrate just how bad Australia's red-tape problem is, the Institute of Public Affairs (IPA), estimates that red tape costs the Australian economy \$176 billion annually. Who can really tell that it's not even higher?

That's a staggering 11 per cent of GDP.

The IPA also estimates that under the Gillard and Rudd Governments, an astounding 444 bureaucratic government bodies were established in Australia, of which 198 are engaged in imposing regulations on different industries.

It gets worse.

In a ranking by the World Economic Forum of the burden of government tape on companies, Australia is ranked 80th out of 140 countries.

Imagine the difference if the time and money spent on bureaucratic tape and compliance had been able to be channelled into productive outcomes instead.

With over 700,000 Australians unemployed and more underemployed, and our record national debt, the question must be asked – how can we afford this?

Yet earlier this year, and astounding to many, a wild orchid stopped the building of a gold mine in the small Victorian town of Talbot.

Now I like orchids as much as anyone but this particular plant was growing 7 kilometres away from the proposed mine!

Not only was there a 7km buffer zone, but the mine developers were even asked to pay \$900,000 to the state government to remove grass because an orchid may grow there in the future.

It's probably the world's most expensive possible bouquet!

Having just completed the Roy Hill project, my company's \$10 billion mega-mine in the Pilbara, I have experienced firsthand the impact excessive regulation places on new projects.

The journey to build this mine was a mammoth one from acquiring the tenements in 1993 after BHP dropped them after their years of exploration, finding little of value, to Hancock later exploring and finding iron ore bodies of size and value, to, after considerable work, high risk investment and many government and other obstacles, then celebrating the first shipment of ore in December 2015.

How many approvals, permits and licences do you think we had to complete before construction even commenced?

I asked this question of one former Australian Prime Minister who guessed "about 40." But it wasn't 40, or 50, or 100 or 1000. It wasn't even 2000 or 3000.

There were more than 4000 pieces of red tape we had to deal with before we could even start to build.

More than 4000! And then more for construction. What small company can pay for all that?

How many people would dedicate high risk money, years of effort and undertake a project knowing that it would require over 4000 pieces of regulation to be complied with before any prospect of being able to start construction, and go through even more tape, approvals, permits, licences and compliance before producing income.

For a project like Roy Hill, that has contributed to employing approximately 50,000 people in the Australasian region and one that will pay billions in various forms of taxation whilst providing decades of opportunities for many, is it really in the best interests of Australians to burden and delay such projects with thousands of approvals, permits and licences?

In a little under three weeks on 10 December, Roy Hill will mark its one-year anniversary from first shipment, after a very aggressive construction timetable. It is currently completing a very aggressive ramp up to achieve early next year 55 Mtpa, to become the largest single iron ore mine in Australia.

It is telling that during this period there have been no other major mining projects opened in Australia and who can honestly say, Australia's lack of encouragement to investment, it's onerous government tape, and high taxation, with threats from time to time of even higher taxation, had nothing to do with that?

Despite mining companies usually having mines in tough outback areas, having to deal with poisonous snakes, mosquitos, flies; battle the very high temperatures, dust, drought, fires, floods and earthquakes, their biggest challenge was complying with government regulation.

The University of Sydney's Faculty of Law recently reported that the fastest growing sector for new graduate lawyers was "in compliance services" - in other words, helping companies comply with government regulation.

Now that's something that should alarm us all.

Red tape is not something that we can't change, governments can act to reduce it.

Other countries have done this with great success, such as our neighbour Singapore, and currently India.

As a country, we need to reassess our priorities, and as an industry, we need to work harder to make our case better understood and heard, especially when it comes to taxation.

Australia has the fourth highest company tax rate (for large businesses) out of the OECD countries, up there with Greece, Portugal and Belgium, who's economies are hardly the model's of success.

The Tax Foundation also found that Australia's 30% corporate tax rate is above the world average of 22.38%, and higher than that of other countries in the Asian region whose average corporate tax rate is 20.86%.

Even the UK, where my company recently acquired a stake in a future polyhalite mine, have a company tax rate well below ours of 20 per cent, and it is scheduled to further decrease to 17 per cent by 2020.

Additionally, recent proposals in West Australia to increase the tax burden on iron ore mining are misplaced and very concerning.

The situation is this: the Australian iron ore industry already has the second biggest tax burden in the world.

On average, Australia's two biggest miners Rio Tinto and BHP Billiton pay \$19 per tonne of iron ore produced and extra on top of that, as Currently proposed in West Australia, would see Australia become the highest taxing jurisdiction for iron ore in the entire world. Rio Tinto have publicly called this West Australia threat the biggest threat to their iron ore mining business that they face anywhere in the world.

This new tax if introduced would also cost many jobs in both mining and related industries.

As I outlined at the start of my speech, the mining industry has done so much for Australia over decades, it and its related industries contribute billions and billions to the economy and create opportunities and jobs for millions.

The mining industry cannot however be the governments perpetual ATM or cash cow. Our industry has to compete internationally or lose its markets.

We are continually targeted and told to give more and more money to solve political problems we didn't cause or create.

It wasn't the mining industry that created our record national government debt of more than \$450 billion.

It's the next generation who will be left to pay this off, with an increasing elderly proportion of people requiring more health services and support.

Employees in our industry including related industries need to become more vocal and diffuse the perception, "hit mining and all of our problems as a country will be solved," or sadly the consequences will see less jobs in our industry and related industries.

As Winston Churchill so eloquently said *"for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle."*

Reductions in government spending and policies to encourage investment such as less government tape, and less taxes and less other government expense, which in turn will lead to stronger economic growth, like America after its President-elect takes office, will help to grow the economy and help to pay back this debt. Higher taxes, are not the answer to pay off this debt.

Australian's for Northern Development and Economic Vision (ANDEV), is a group I founded of concerned Australians who advocate lower taxes, and less red tape to enable investment and development.

We advocate for special economic zones to be set up in the North to encourage investment to develop this remote area.

Special economic zones would help to build more towns and businesses in our North and would provide more infrastructure, more amenities for people in the outback, new opportunities and employment.

Special economic zones operate successfully in many parts of the world and they can operate successfully here too.

I encourage everyone here today to visit www.andev-project.org and get involved in defending and supporting your industry.

Ultimately, mining is one of our country's most significant and necessary industries.

Whether it's the watch you're wearing on your wrist, the jewellery you're wearing, or the iPhone that you've checked a few times today, mining is essential.

I am so pleased that we have a day to celebrate mining's importance and recognise its incredible stories and history, and I wish everyone, a Happy Mining & Related Industries Day!

Thank you.

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