NICK HOLLAND ON RESOURCE NATIONALISM

Gordon Institute of Business Science

Johannesburg

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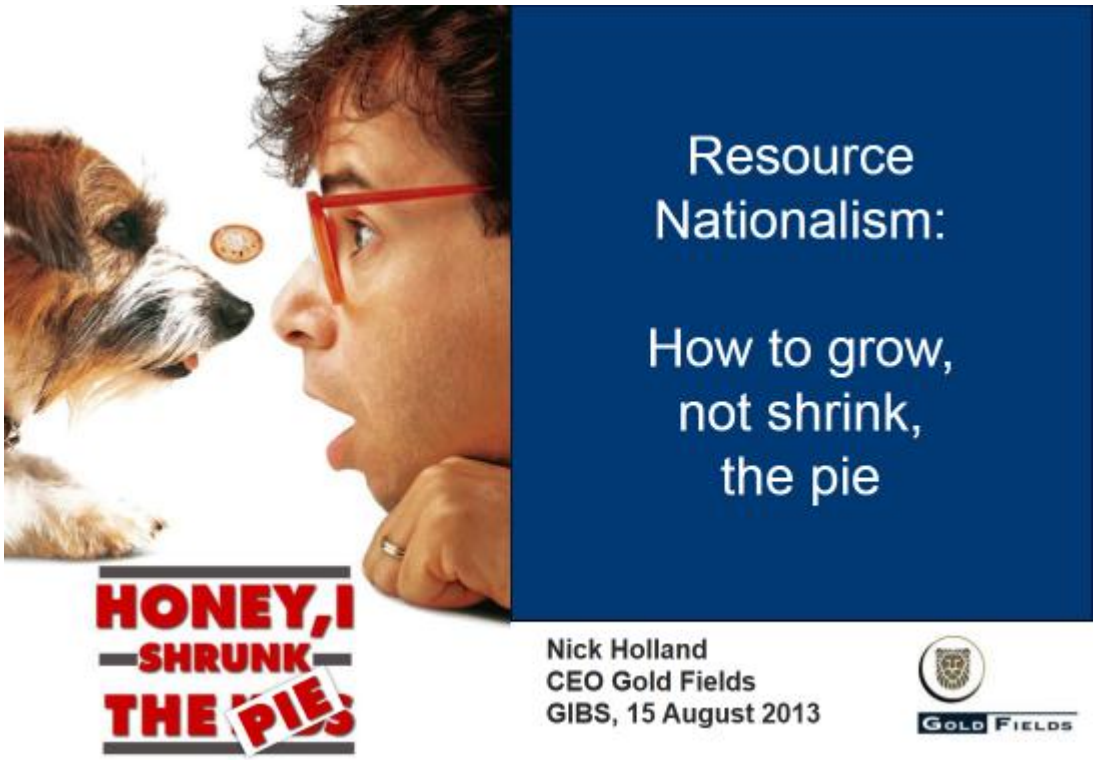


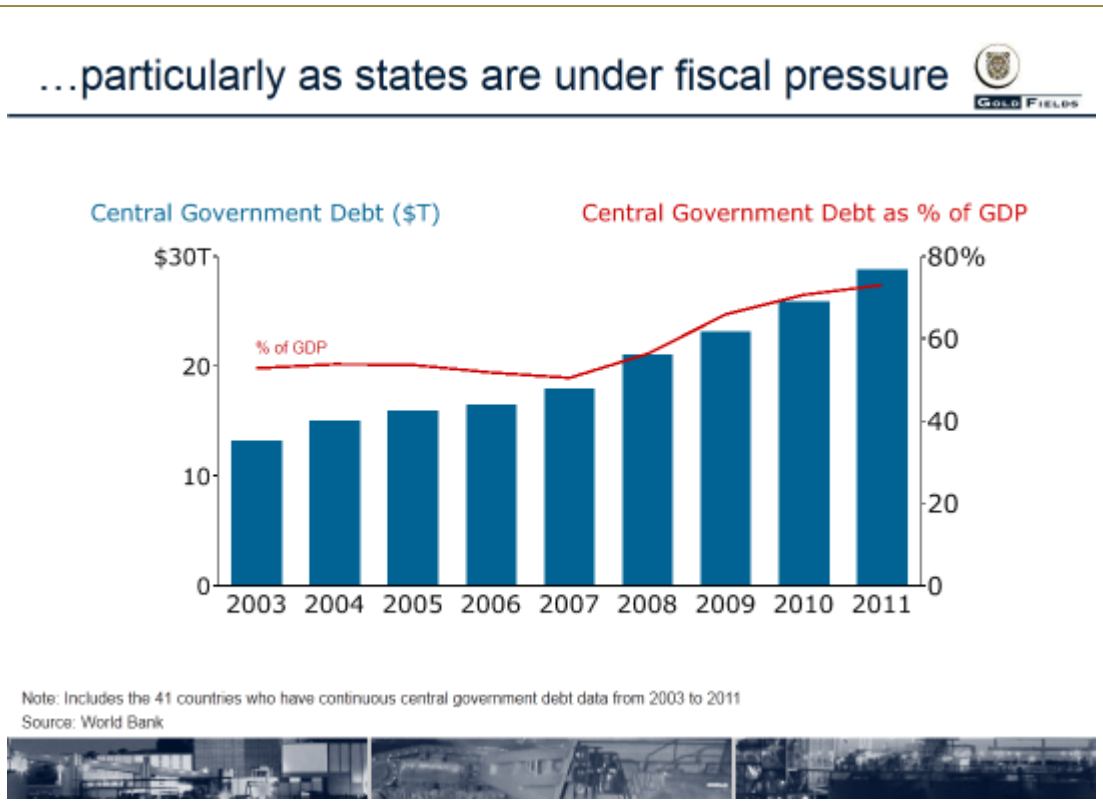
Thank you and good evening, it is certainly good to be here and I'm glad that we've mentioned the fact that it's the eve of the anniversary of the Marikana tragedy. I guess some of the things I'm going to talk about tonight are probably going to be appropriate in the context of that terrible tragedy of over a year ago.

A lot of debate has been raised on resource nationalism. It has been rated the number one risk in various surveys. I guess what is interesting is maybe that risk has been somewhat overshadowed of late by the decline in metal prices across the mining industry, which in of itself I think presents another challenge.So the reason that we've decided to look at this topic is to spark some debate. And I think there are going to be a lot of different views on resource nationalism. What is it really? Is it good? Is it bad? And the other thing I just want to highlight is this is not a South Africa centric presentation.

Many of the problems that we're currently experiencing in the South African mining industry are not unique to South Africa. The same issues present themselves around the world. And in fact I will be doing this presentation in Australia in the Down Under conference later this month. I will also be doing it in Arequipa in the Perumin Mining Convention in Peru, and also at the World Gold Council in September in Denver, Colorado. So we're going to be doing this around the world to spark as much interest and debate as we can.

We've had a crack at trying to define what we mean by resource nationalism. And by the way it is not nationalisation. I'm here to talk about resource nationalism, a very different concept. And in our view there is nothing wrong with resource nationalism. In fact, it is very rational of governments to have this as a key objective.

We believe that the appropriate description of resource nationalism is a country's efforts to extract the maximum value and develop an impact from finite resources in the ground. And that's one of the operative words: finite resources. Let's remember this is not an industrial concern producing widgets which can go on forever. We have a finite resource. Surely governments are correct in wanting to extract as much as they can for the benefit of the country and their people from these finite resources. In fact, we would even go further and say not only is it legitimate, it is actually their duty for the benefit of their people. Certainly that is the view that we have on this.



I guess with what we're seeing on balance sheets of countries around the world - here we have 41 countries - showing their central government debt as a percentage of GDP, which has rocketed to an average of 75% over the past year. It is entirely understandable why governments would be looking to try and get a bigger piece of the pie so that they can try and sort out some of this debt. That is one of the reasons why resource nationalism is on the rise.

Yet while we believe it is completely rational to have resource nationalism, a lot of people say it is wrong, it is bad. And you can see some of the comments that have been made on this slide. So clearly there is a disconnect somewhere. Why do we see these comments made in the public domain if resource nationalism is appropriate and rational?

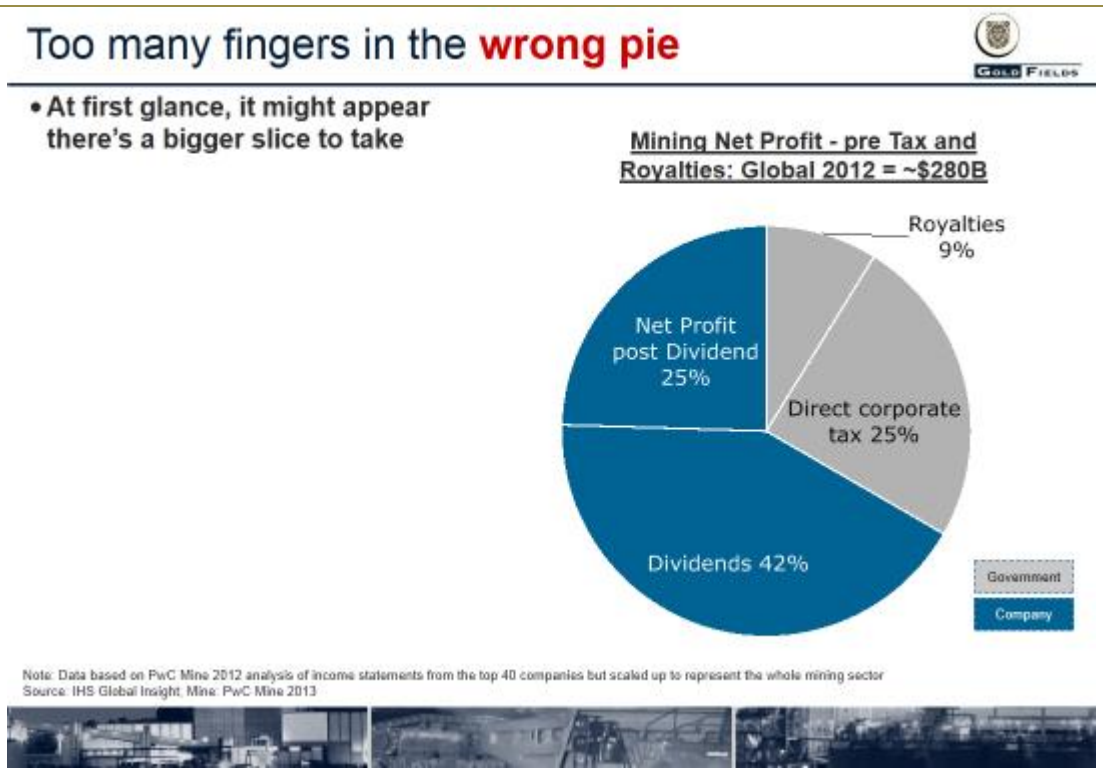
What is the disconnect?

1. **Too many fingers in the wrong pie**
   – Mining profits

2. **Not growing the right pie**
   – The Mining Economy to create jobs, fuel development and attract investment capital

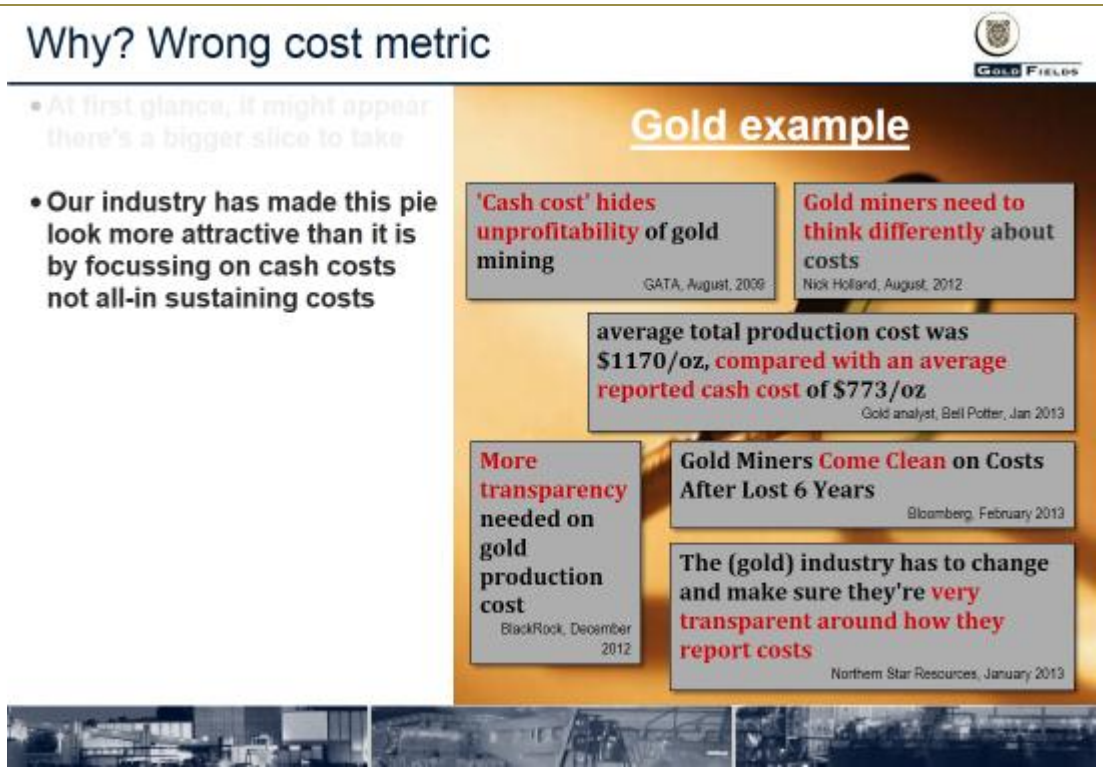
We have to try and explore this disconnect. And what we believe is the problem here is that we're focussing on the wrong pie. We're focussing on a pie that is made up of mining profits, where everybody wants to have a bigger slice of a declining pie. Because that's what you see every day when you pick up the newspapers. Mining profits. Look at how much money these guys are making. We need to get more of it.

So when you've got more and more people trying to get a bigger piece of this pie, then you find that the pie gets smaller. Instead we should be focussing on growing a different pie, which is the mining resources economy. And that pie can help fuel growth in the overall world economy. That's what we want to explore with you further today.



When you look at the wrong pie, you think to yourself, well, taxes and royalties only make up about a third of these two blocks on the left, royalties 9% and direct taxes about 25%. And you think, well, out of $280 billion – which is taking the top 40 mining companies from the PWC mining survey and then scaling it up for the mining industry as a whole – government got about a third of that.

You think surely government should get a little bit more. Why shouldn't they? That doesn't seem like a lot. The shareholders are getting 42% in dividends and they're getting 25% retained in the business which they can invest in growth. So surely you can pay a little bit more. That's what it looks like, doesn't it?



Then you suddenly realise we've been shooting ourselves in the foot because mining profits do not tell the story. And I'm afraid to say that the way that we report the accounts of mining companies doesn't always reflect the economic reality. We are showing tremendous mining profits and yet we don't make any cash, and cash is king, as we all know.

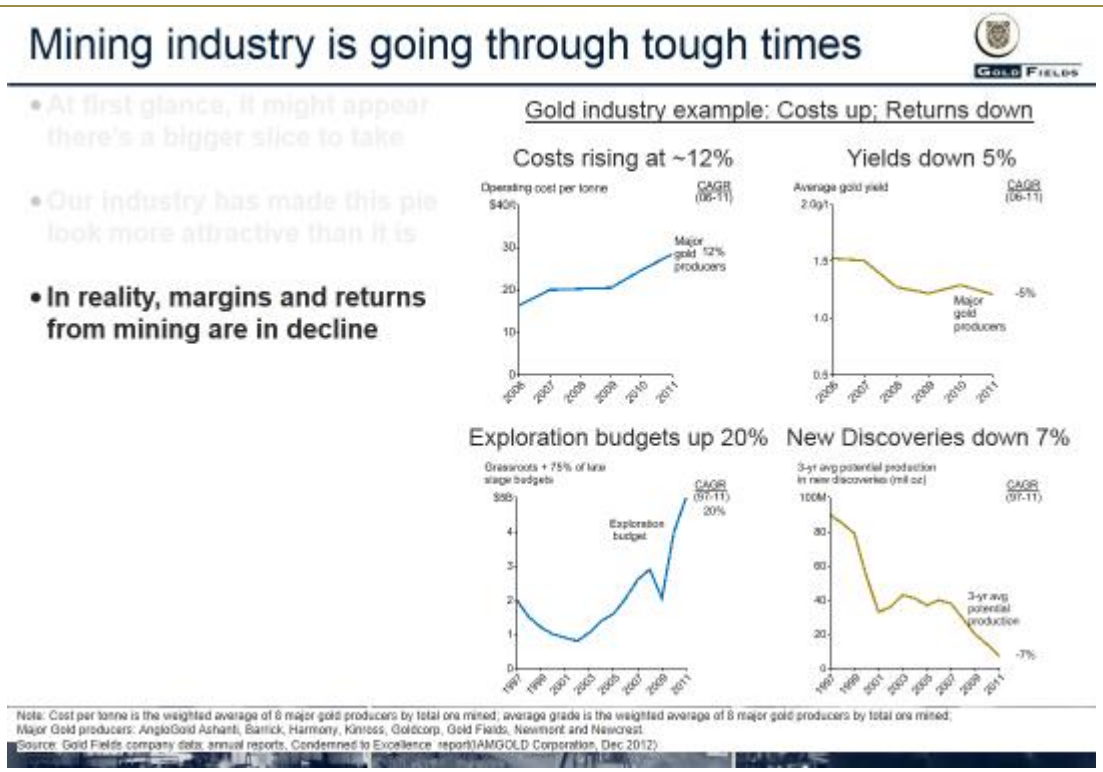
You can see some of the comments that have been made over the years. I realised this five years ago coming into Gold Fields as the CEO. One of the key problems that we had in the gold industry – and I will use the gold industry as a proxy, because I think a lot of the issues in gold are similar to other sectors in mining – is we stand on podiums around the world telling people how much operating profit we make and how low our cash costs are. And then we don't make any cash.

And you say, where is all the money? All the money in fact has been capitalised. Over the years we have just capitalised more and more so that we can make the balance sheet look better, so that we can borrow more from the banks.

The problem is now that we're not showing the true picture. So five years ago we changed the way we reported to what we call notional cash expenditure, or all-in costs as we called it then. I must say some of the analysts in Toronto were phoning me and said you've lost your marbles, you don't understand. This is the wrong way to report. You must report cash costs.

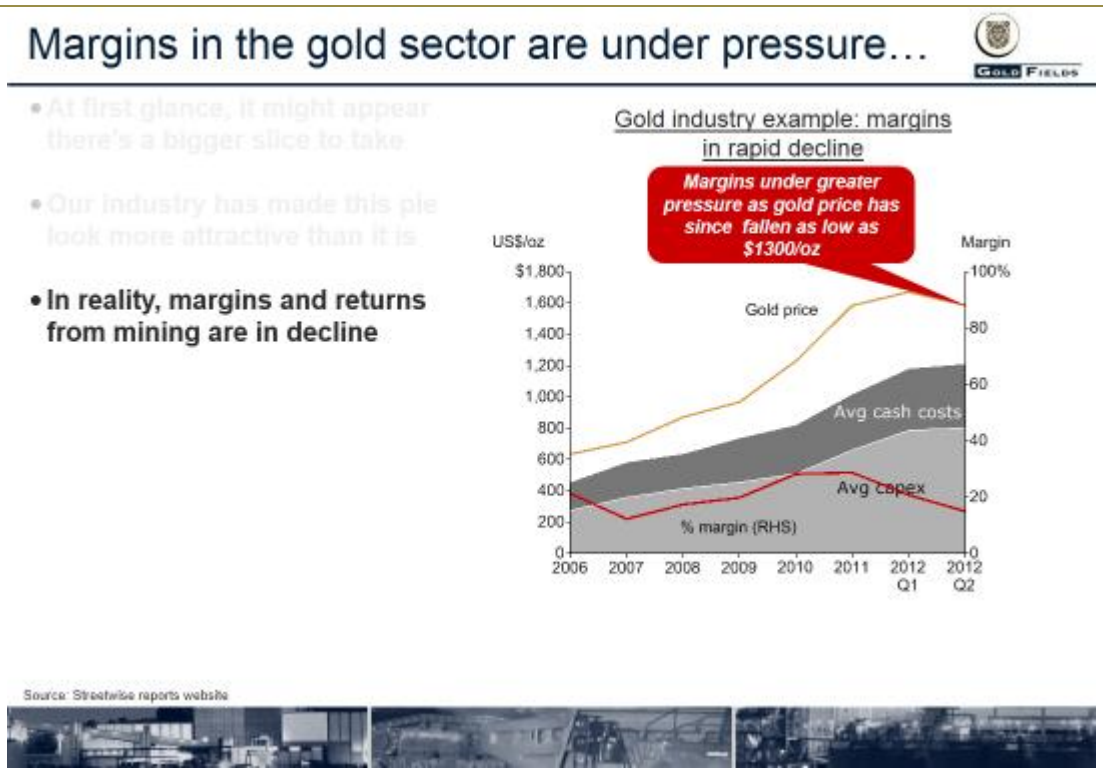
Eventually now people are starting to listen. And finally we've got the World Gold Council, which represents around 16 gold companies and about 50% of the gold industry, to redefine their cost statement. Now, that statement was finally issued on 27th June. We're going to early adopt, but others will adopt later. I think it will go into other sectors of mining – it is essential that we start reporting what it really costs us to produce an ounce of gold, a pound of copper or a ton of coal.

Now, a lot of people initially said this is crazy. What message are we sending to our investors? Our response was" Your investors know it already. They have worked it out. The people who don't necessarily know it are governments, who think you're making super profits and can pay super taxes. Employees and organised labour think you can pay way above inflationary increases every year. Communities want a bigger slice.



So we have to re-base the way that we report. And then on top of that we've got an industry that is actually going through cost escalations that are driving it slowly into the ground. Again I'm going to use gold as a proxy, but I think you can find the same analysis in other sectors of mining. Cost per ton rising over the last five years at 12% per annum. That means you double your costs every four years. That's what you're looking at over here.

At the same time yields are going down. That's a very powerful combination on the wrong side when you've got those two together. Exploration budgets are increasing. We're spending more and more to find less. Gold is becoming scarce and resources are becoming scarce.

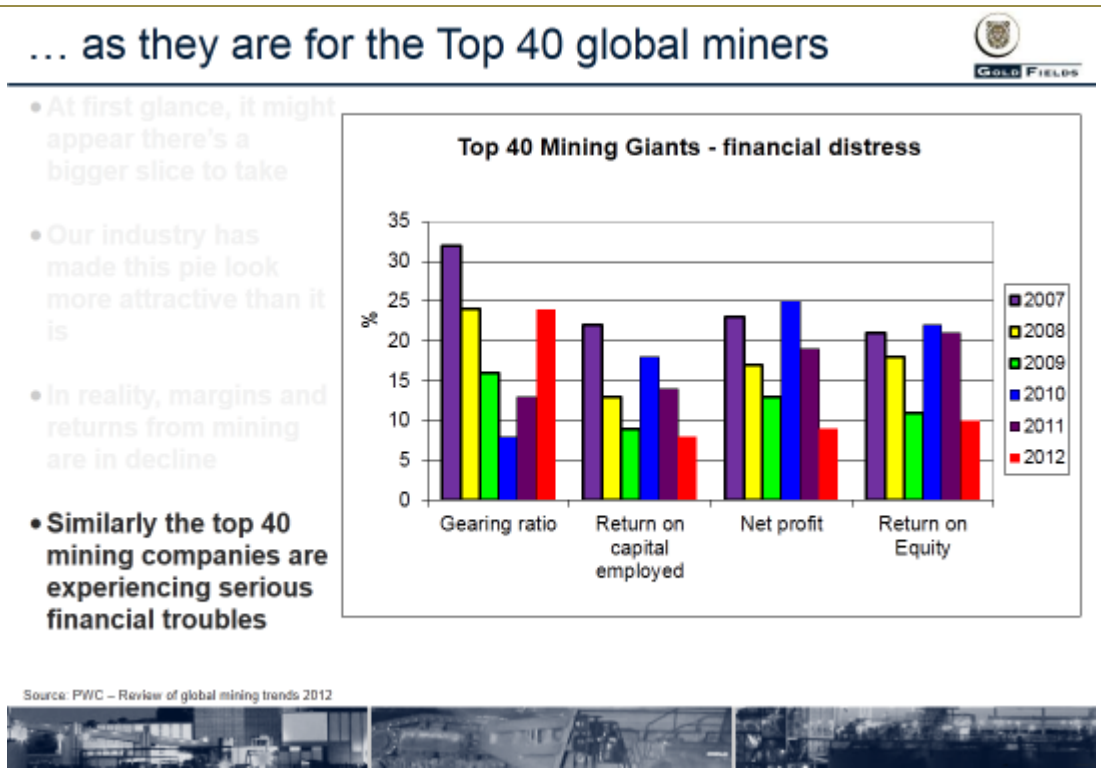


And what does it all translate into? What it translates to is that although the gold price has gone up substantially over the last four or five years it didn't go up by itself. These things never do. And you can see on this graph, the gold price has risen, but so have all-in costs including capital. And the margins haven't really improved.

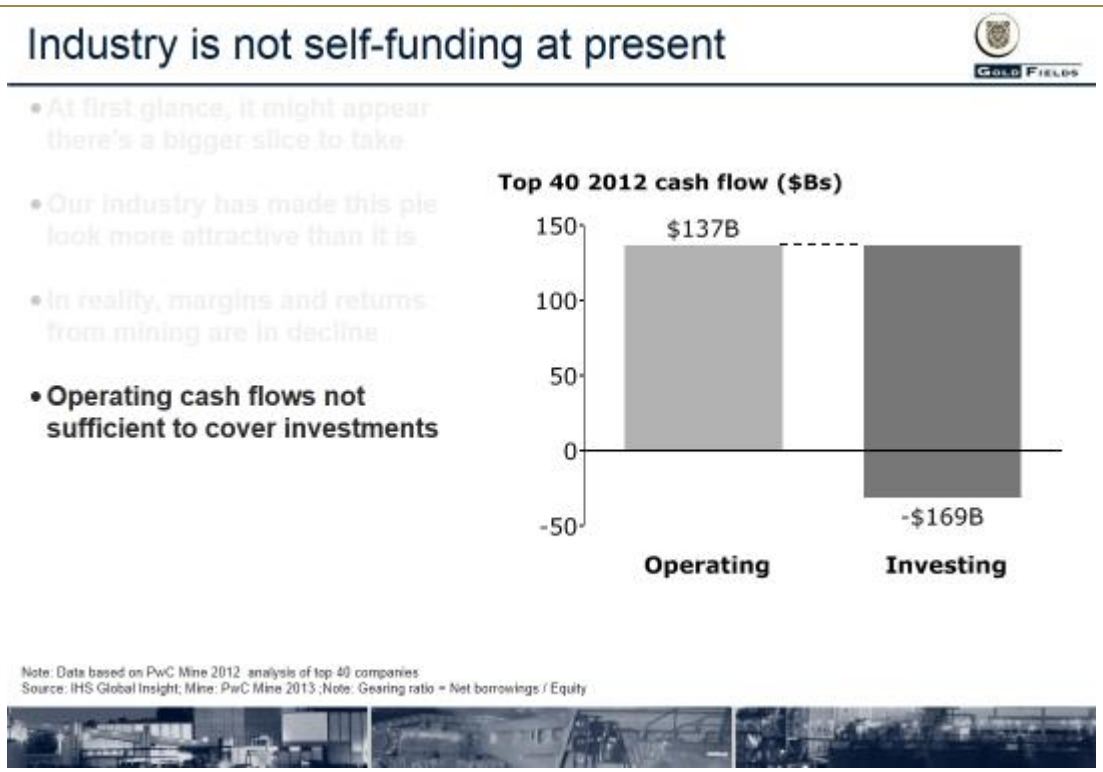
Every time I go to the States and I talk to the savvy fund managers in New York and Boston they say, you guys haven't improved your margin. The gold price doubled and your margin percentage didn't improve. Why should I buy you? What we have all not realised is gold doesn't go up by itself. Whether it is cost push inflation or demand pull, costs are going to go with it. Wages have increased across the globe above inflation, and the compound effect of that is enormous. We've seen energy costs going up exponentially. We've seen steel going up. We've seen timber going up. Consumables.

So it has eroded the margin, but things have got worse. We never actually enjoyed the summer, and the winter came before we could actually prepare ourselves for it. As of today gold is $1,300 and the gold industry is under water. The global gold industry is under water. The PGM industry in this country is under water. Gold and PGMs in this country employ two-thirds to three-quarters of the 500,000 people we employ in the mining industry.

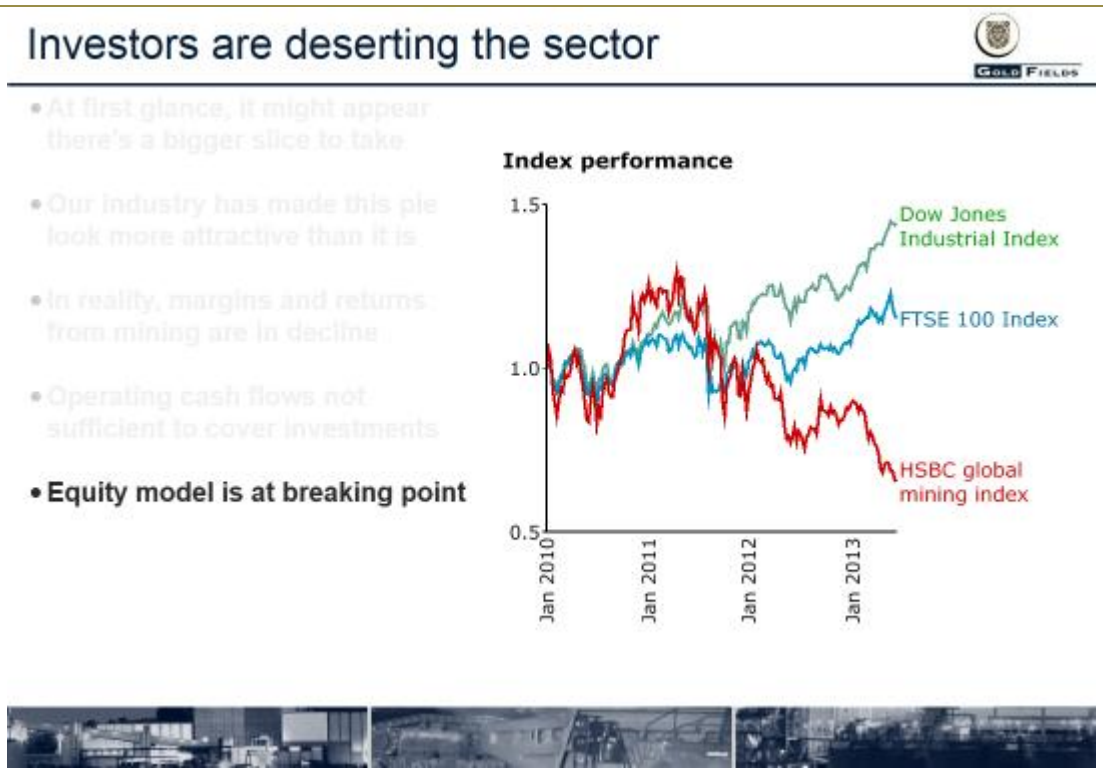
Those two sectors in South Africa are under water. That gives you an idea of where we are in this country. And the picture isn't a hell of a lot better when we look outside of the country. For example, the all-in cost of gold on the new World Gold Council standard is probably about $1,500 per ounce. So it gets worse.



Let's look at the top 40 global miners. You've looked at the gold industry. These are the top 40 miners. Return on equity has declined three years in a row to 2012. I'd hate to see what 2013 looks like. Return on capital employed has declined three years in a row. The gearing ratio has gone up. So companies are borrowing more just to try and finance their existing operations. And you can see it manifested over here.



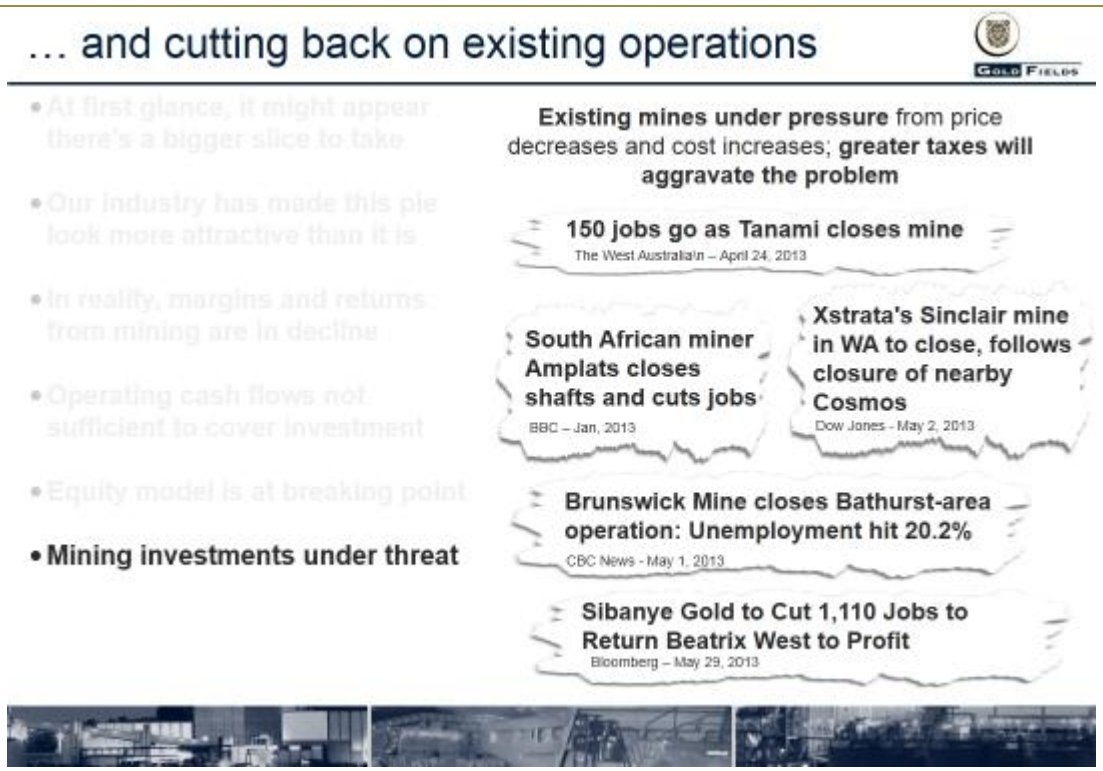
If you look at those same top 40 companies this is what they made out of operations and this is what they've invested to keep those operations going. That's why those gearings ratios have rocketed up. I think we all know that that's not sustainable for too much longer. I'm afraid to say if you did a pro forma for the 2013 year and annualised it, I think that's going to look at lot worse than that.



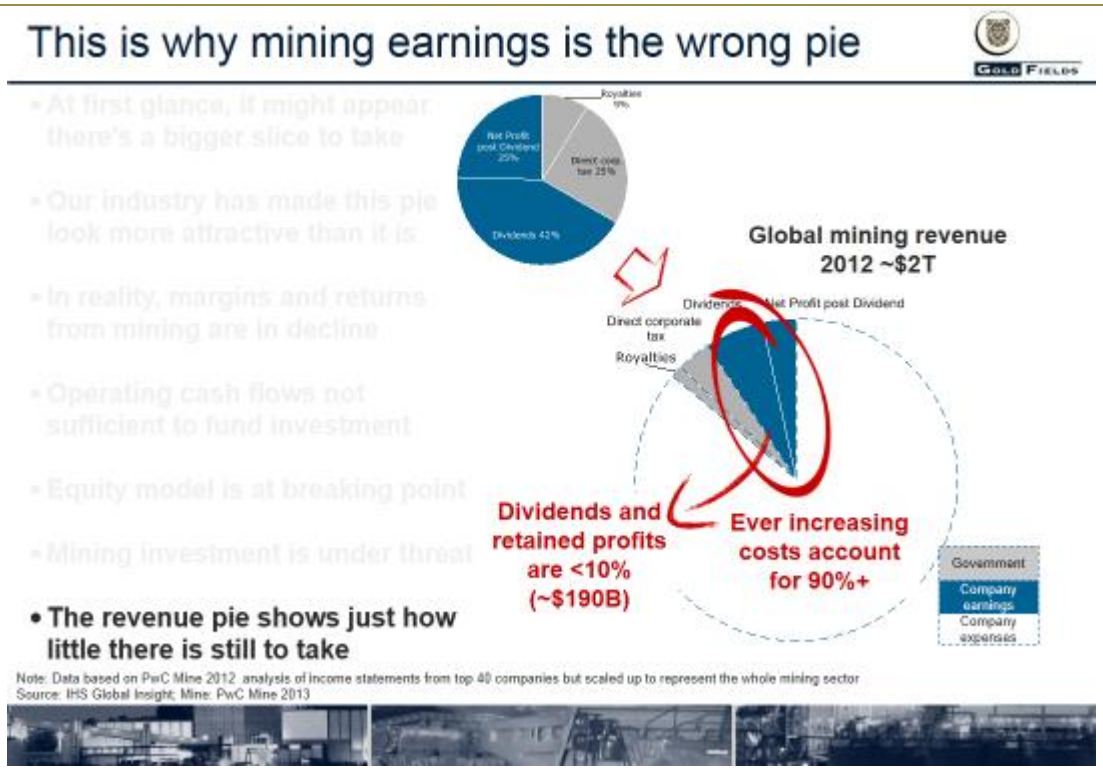
And how has the money reacted? As we know, the money has no emotion and the money will go where the returns are. And the money has voted with its feet, as you can see from the HSBC global mining index. This is made up of 183 mining companies worldwide. Gold is probably about 55 companies, diversifieds are about 35. They're all in there. And that has taken an unprecedented drop when everything else has gone up.

And the one thing about the mining industry is, if you don't have the money you don't have the projects. And so the money is going elsewhere, and that is not a good sign for the future.

As a consequence of that money disappearing new projects are being stopped everywhere. And these are multi-billion dollar projects around the world. You can see for example in Chile alone 11 copper-gold projects that would have cost $39 billion are delayed. Olympic Dam in Australia, a $20 billion project, shelved. So if you added up all of these projects it is many hundreds of billions of dollars that is not being spent. And we haven't yet seen the impact that's going to have on economies going forward, but you're going to see it in years to come.



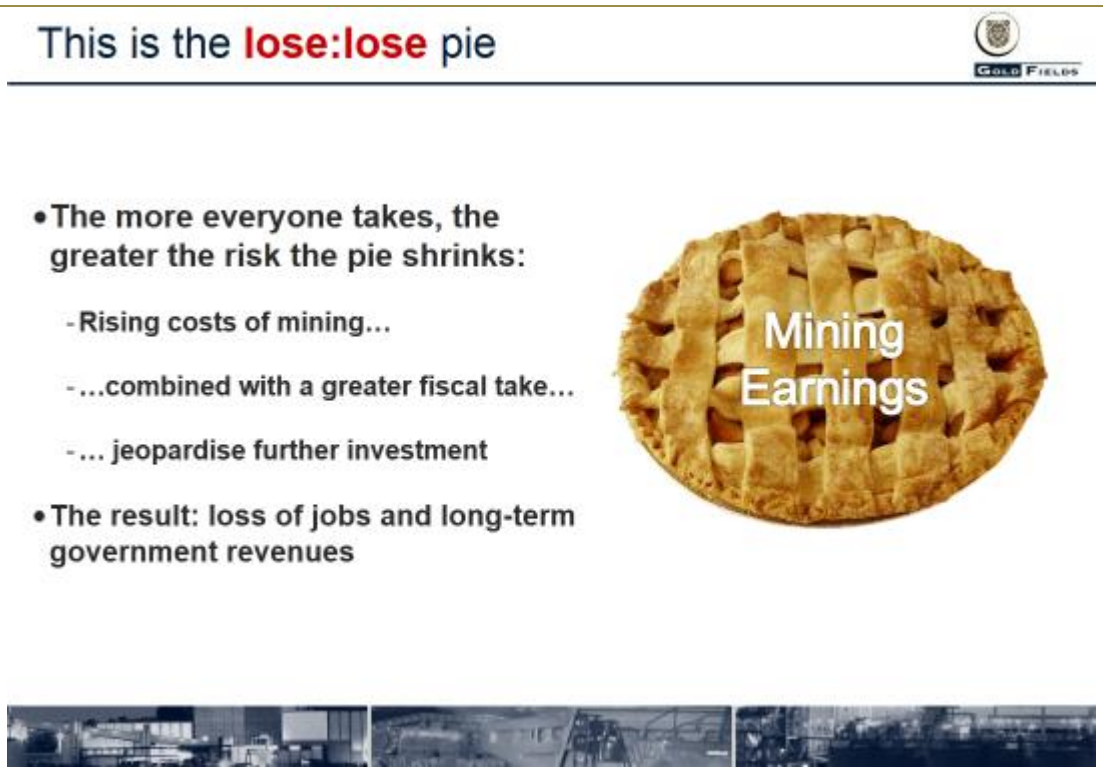
It doesn't end there either, because existing operations are also being cut back. I think every week now you're reading about a mine that has cut back jobs, rationalised its operations, or shrunk it. And you're going to see more. We're not at the end of it. I think we're at the end of the beginning. We're certainly not at the beginning of the end in terms of this story. So mining investment is under threat. The industry is in crisis.



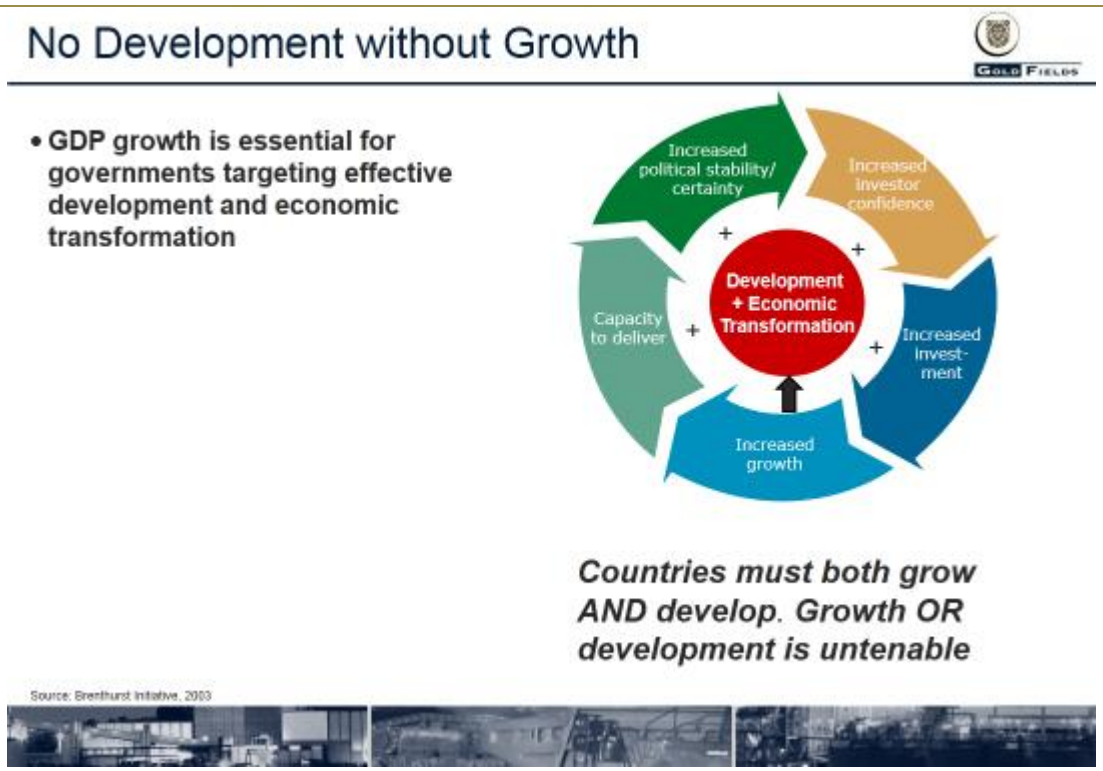
Now, this is why mining earnings is the wrong pie. Remember earlier I put up this pie. I said that is the earnings pie before tax, $280 billion. What actually is left out of that for investors is the $190 billion. But this is out of the revenue generation. So effectively out of $2 trillion of revenue – that's what these 40 mining companies, scaled up to the industry, make – what is left for the investors is a paltry 10%.

Now, let's take this into a very simple analogy. Let's take a mine that operates continuously. It operates for 30 days in the month. For the first 27 days that mine is working for everybody. It is working for paying the employees, it is working for paying the suppliers, it is paying the tax man royalties and taxes. It is only in the last three days where the owners of the mine, the investors who have put up all the risk capital make money - amid the vagaries of the gold price markets, long lead times and delays in projects.

For all of that effort what do they get? They get the last three days of the month. The first 27 days they are paying all the bills. You can understand now why the mining index is in serious decline. That is not enough returns for savvy investors around the world to invest in mining, that's for sure.

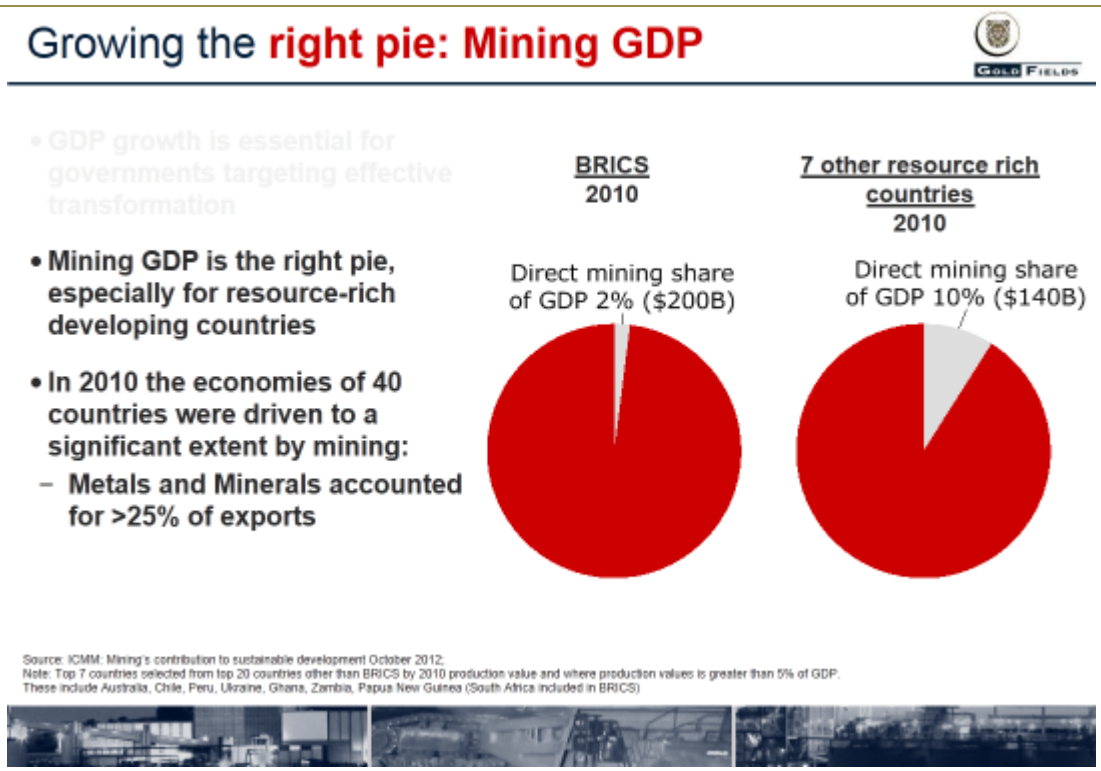


So this is the lose-lose pie. The more everyone takes, the more it is going to shrink, more projects get stopped or don't get built, more mines get rationalised. It is a vicious spiral, and we end up with loss of jobs, loss of revenues to the fiscus etc. This is an ugly story that is actually unfolding in front of our eyes today. This is what we're seeing as the big problem.



So how do we change it? First of all let's ask ourselves what is the main objective or philosophy of governments around the world? The main philosophy is to make sure that you can actually develop your people and create real economic transformation in the economy so everybody has a better life, so that incomes of everyone improve. I think that is a fairly common objective of governments around the world, and it is an appropriate objective.

But in order for us to do that, in order for us to achieve that goal, we need growth. We can't have development and transformation or growth. They have to go together. In other words, you have to grow the pie. And going with it you need all of these other ingredients. You need increased investment. You need investor confidence so the money comes in. You need political stability and certainty, and you need capacity within government and other institutions to deliver. Only then will you get growth, and only then will you get development of people and economic transformation.

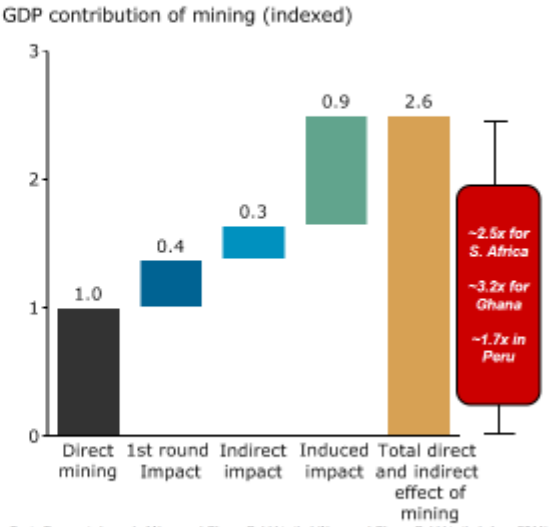


Now, if you believe that story, then what do we need to do from here? We need to grow the mining economy because the mining economy can help grow the overall economy. Now, why do I say that? First of all, let's look at two examples. In the BRICS countries – five of them – mining makes up about 2% of GDP which is worth about $200 billion. If you look at another analysis we've done, we've taken the top 20 resource counties around the world and we've taken those countries that have a contribution from mining of more than 5%. In those top seven countries mining combined makes up 10% of GDP, about $140 billion.

Now, remember those numbers for me because I'm going to demonstrate what we can do with those numbers. But before I go there, the other important thing is that in 2010 the economies of 40 countries were driven by mining to the extent that 25% of their export earnings were accounted for by mining. That figure was 29 countries in 1996. So mining is important and it has become even more important.

The Mining Economy has large multiplier effects

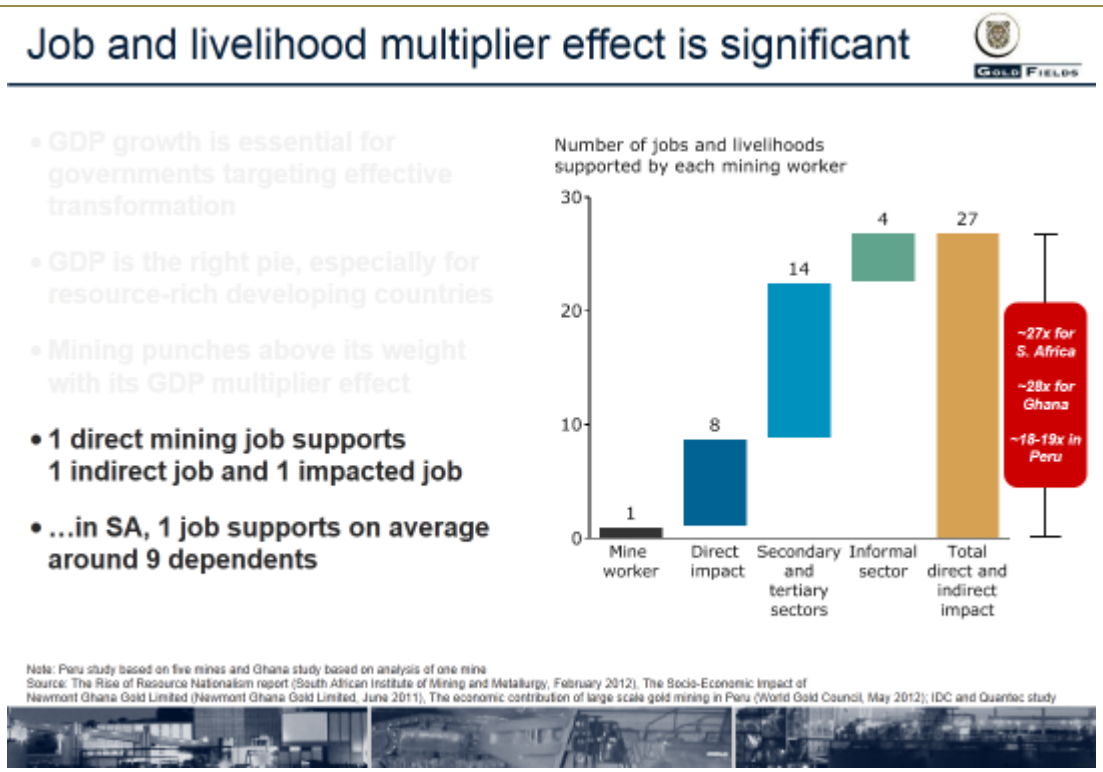
- GDP growth is essential for governments targeting effective transformation
- GDP is the right pie, especially for resource-rich developing countries
- **Mining punches above its weight with its GDP multiplier effect**



Source: Facts about mining ins South Africa (South Africa Chamber of Mines, November 2012), The Socio-Economic Impact of Newmont Ghana Gold Limited (Newmont Ghana Gold Limited, June 2011), The economic contribution of large scale gold mining in Peru (World Gold Council, May 2012). South Africa: IDC and Quantec study

So let's look at the mining GDP pie and what we're going to do here. The multiplier effect of mining. We've often heard about this, mining creates more value. Again we've done some work here and we've looked at research that has been done. Your GDP contribution of mining in terms of the impact it has on your direct suppliers, that's your first round impact, adds more value. Then you've got the indirect impact, the suppliers of your suppliers. Then you've got the induced impact, which is putting more money in the pockets of people at home, who can in turn invest and spend more money.

Now, if you add all of that up then every 1% GDP growth in mining is worth about 2.6% for an overall economy. We've explored this at Gold Fields in three jurisdictions in which we operate: South Africa, Ghana and Peru. This is based on pretty good empirical data that we've been able to access. So remember that stat as well, because that is the economic multiplier.



But now there is another multiplier as well. Let's look at the mining industry in South Africa as a proxy for what else mining does. The mining industry employs about 500,000 people in South Africa. Indirectly and impacted jobs that come as a consequence of those direct jobs are about another 900,000. So you're talking about 1.4 million jobs supported by the industry.

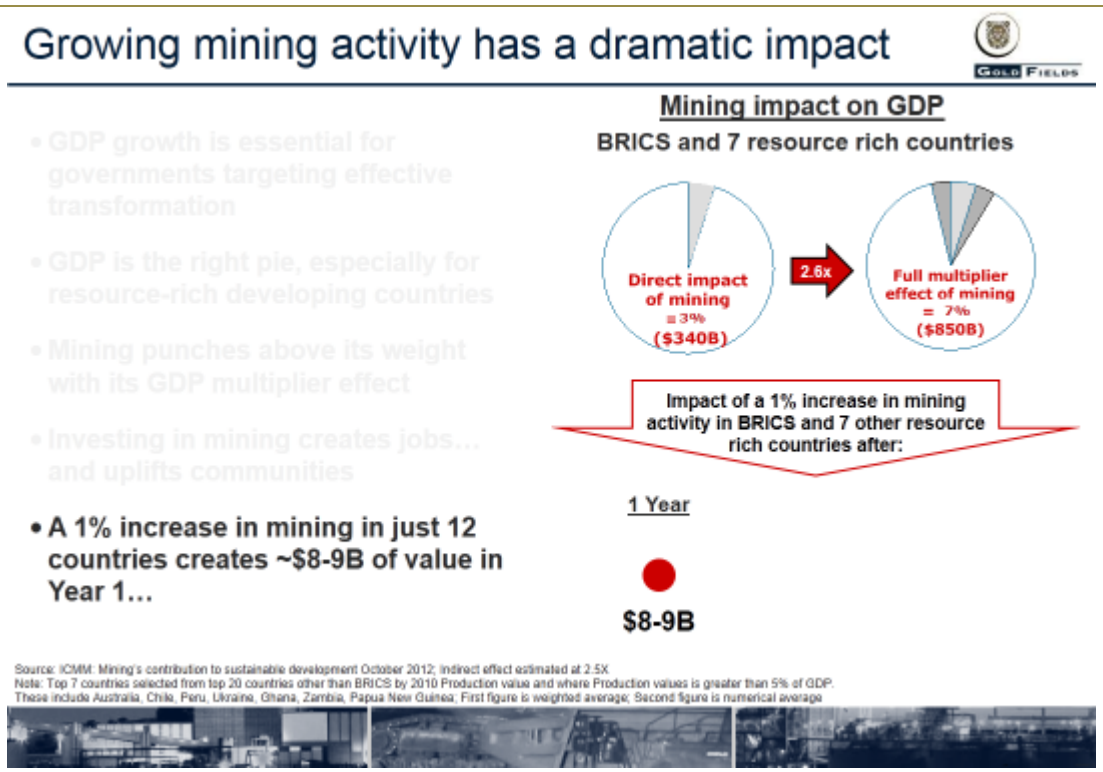
In turn, on average there are about nine dependants per worker. It doesn't matter if you're a direct worker or an indirect worker. On average there are about nine dependants in SA. These figures in other countries like Peru – which has a very similar Gini Coefficient to South Africa, by the way – and Ghana aren't that much different. So effectively one job in the mine actually is looking after the interests of 27 people. That's the impact of mining. That is very substantial. If we can protect job, if we can grow jobs, look at what we can do to alleviate poverty and change people's lives. It's quite significant.

So the benefits that I've just talked about in terms of the impact on the economy, the impact on jobs, go much further than that. I think we have to face up to facts too. Let me say it before somebody asks the question. We may not always create as many new jobs in mining as we would like, because mechanisation and technology is coming at us and we can't live in the dark ages.

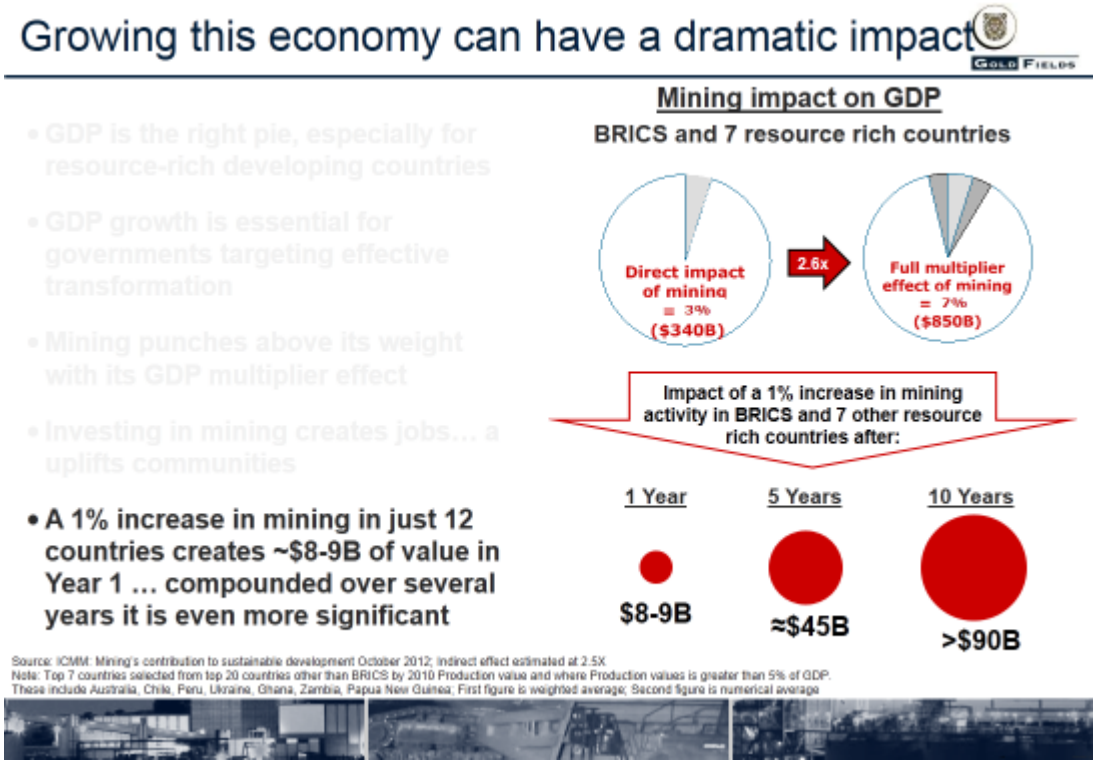
One of the things we're going to see in South Africa in the next five to ten years, I don't think there are going to be too many youngsters coming in who want to kneel at a rock face and hold a rock drill. If we can't provide a different solution for them that enhances and embraces technology we're going to have a problem. And I think they are justified in their concerns.

So we may not create as many new jobs, but let's look at it this way. If we create value we can create capital inflow. Capital can be re-invested into other things that will create jobs. So I don't think we should be too concerned about saying let's not embrace technology. It is going to be safer, it is going to create value and it will create jobs in a different way. The other thing is technology transfer. By actually embracing technology and innovation we can change the way we do things. We can up-skill our people. That is the way of the future, surely. We have to up-skill our people.

Then you've got the knock-on effect in terms of investment in enabling infrastructure that supports mining. Mining also acts as a catalyst for other industries as well. There are all of the other benefits as well. I believe that we haven't fully quantified these benefits. These benefits go beyond pure quantification.



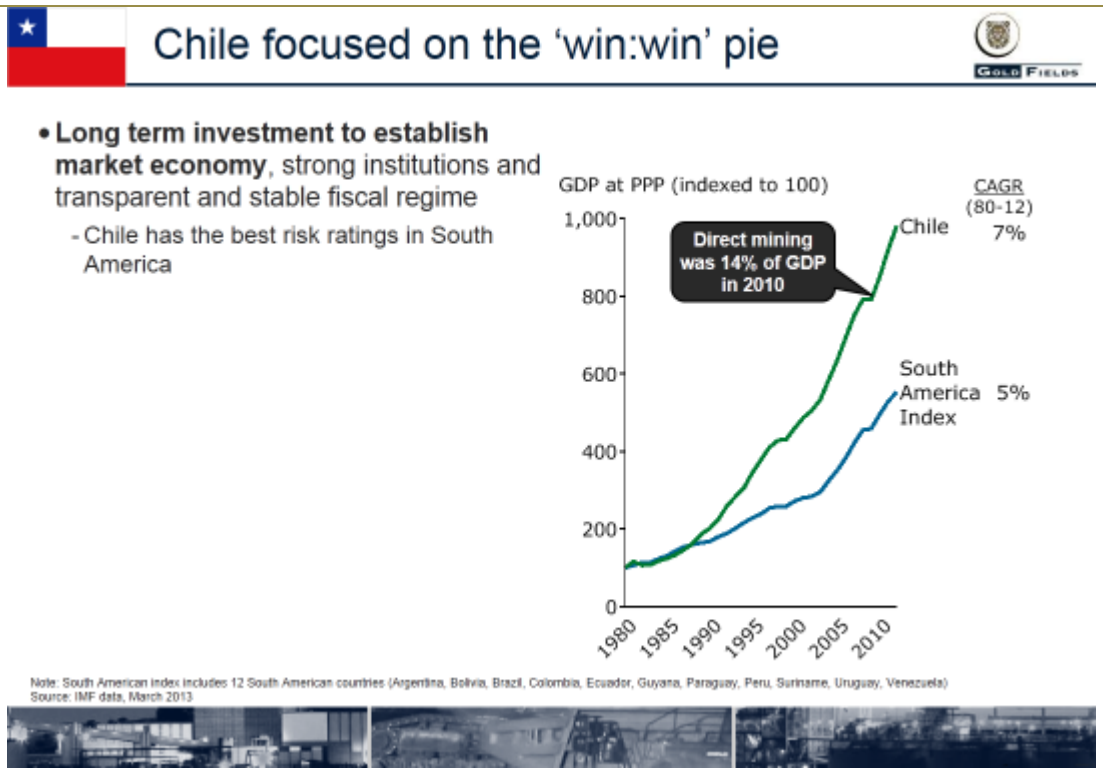
So we've tried to do a couple of very crude examples. Now, I said earlier that if you look at the BRICS countries and the seven resource-rich countries we've identified, if you work out the direct impact it is about 3% of GDP which works out to about $340 billion. It is just aggregating those two pies earlier. If you look at the multiplier effect I've talked about of 2.6 times, already you see that that contribution adds up to about $850 billion. That's the base line. Now, if we can improve that by just 1% in those 12 countries, five in the BRICS and seven in the other resource-rich countries, we can add value of $9 billion.



Now, if we can improve that by just 1% in those 12 countries, five in the BRICS and seven in the other resource-rich countries, we can add value of $9 billion. Imagine if we could add 1% compounded per year for five years. $45 billion. Or 1% per annum compounded for ten years. $90 billion. Surely we can do better than 1%. It shows you how much the contribution can be. And that's what developing countries need. That's what our country needs too.

So if we can grow the mining economy we're going to grow the global economy. We're going to create jobs and we're going to improve everybody's lives and put more money into everybody's pockets, the fiscus, our employees, our shareholders and our communities. A win-win pie is what we're looking to achieve.

You might be saying, well, this is all great and wonderful, but how the heck do we do it? People have been talking about this for years, but we haven't made a lot of progress. But it has been done before. Let's just explore briefly where it has been done before and successfully so.

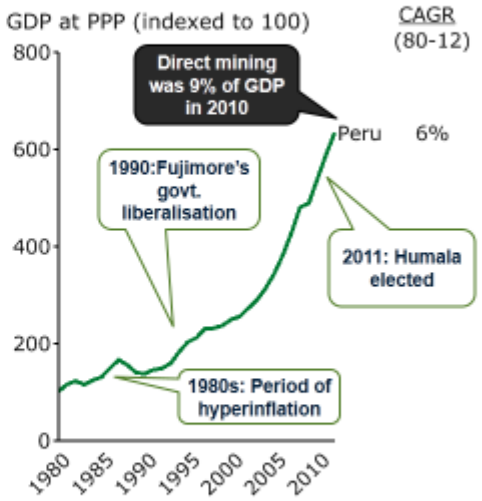


Chile has been probably the most successful mining-based economy in South America for many years. And one of the reasons is it has got strong capacity within government, strong institutions, it has a very good, stable and consistent government system, and it is very supportive of foreign investment coming in. And by the way, this is not only because of the state-owned company Codelco. A lot of the growth in Chile over the years has come from new private investment coming into the country. The risk ratings in Chile are amongst the best in the world, and certainly the best in South America.

And when you go to Santiago, as I'm sure some of you have been to, it really does feel like you're in the Spain of South America. A well-developed city. They have outperformed the South America index for many years. 7% is an impressive growth rate. So that's how they've done it. And I think if you look at the GDP growth per capita in Chile, in 1961 it was about $60, last year it was about $6,000. That is real growth on a per capita basis.

Peru acted to continue growth

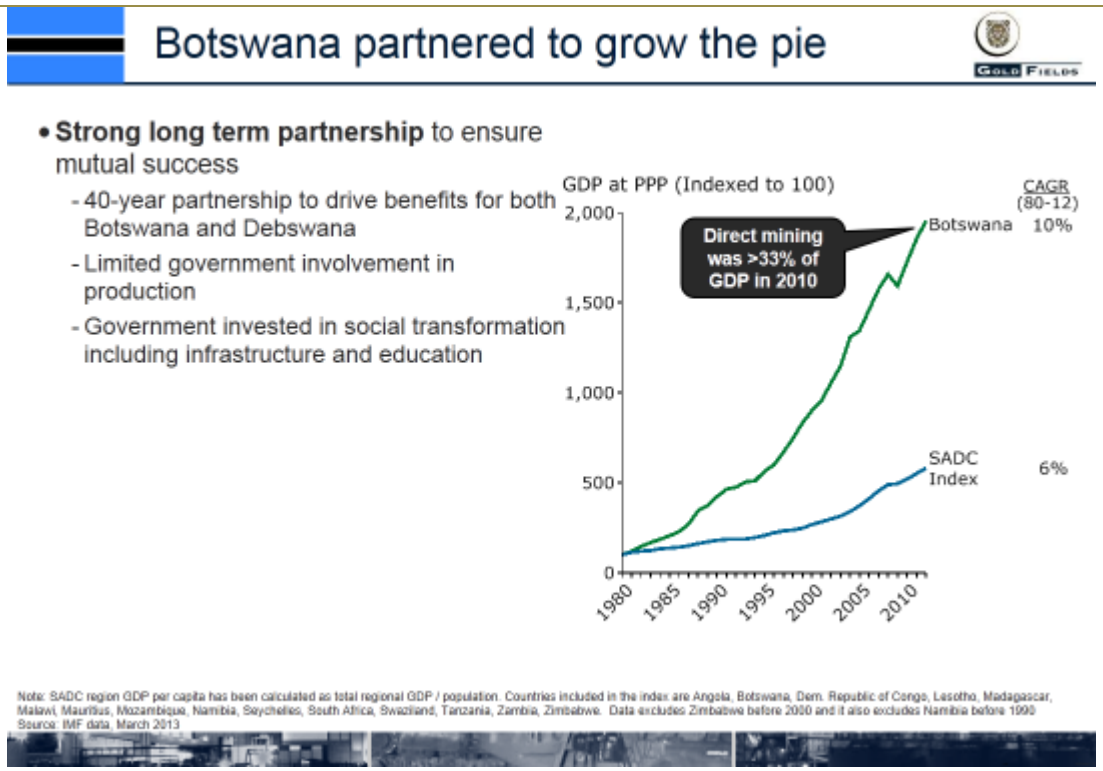
- **The Humala government recently enacted similar policies to continue growth:**
  - Proactively engaged with industry and communities in a full review of all the options
  - Ended up with a pragmatic focus on rent taxes
  - Continued to ring-fence benefits for regions and projects linked to mining to help address sensitive local community issues



Source: World Bank data, March 2013

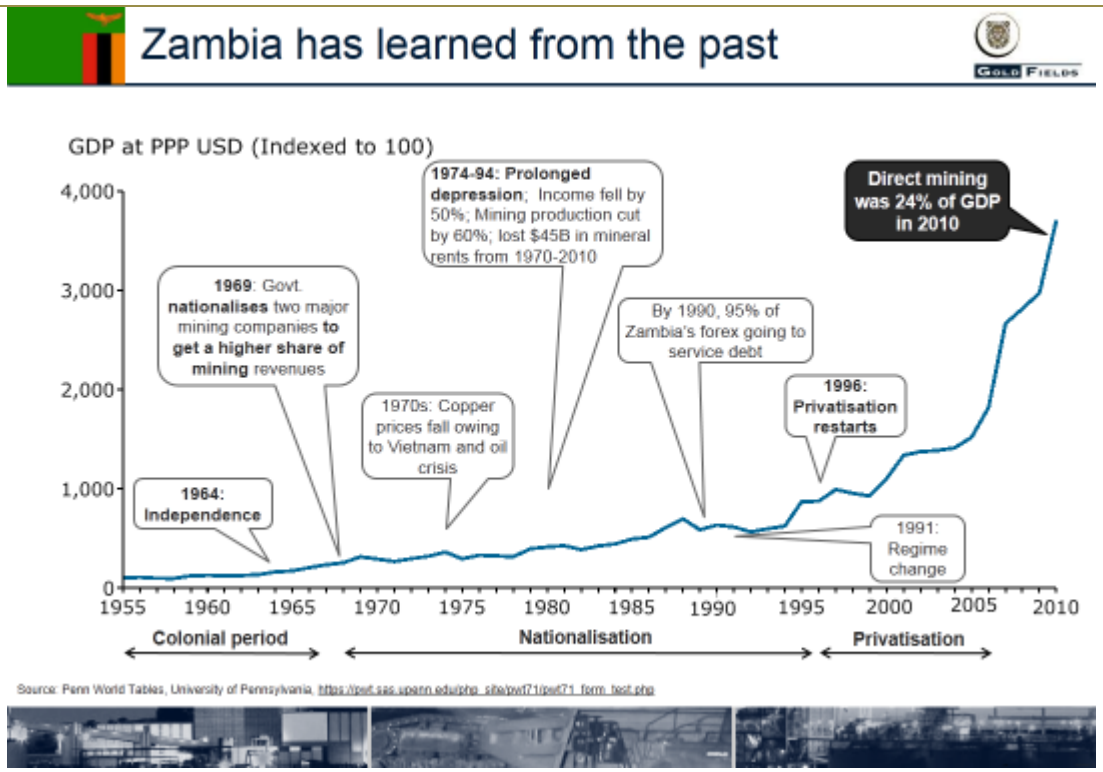
Let's look at Peru, closer to home. We operate in Peru, so a little bit selfishly I've put Peru up. The government has certainly acted to preserve the mining industry, which as you can see here makes up about 9% of GDP. When President Humala came into power he engaged with us, the industry, to provide more tax. He wanted $1 billion of extra tax into the coffers. And Gold Fields was very involved in crafting a new fiscal regime that actually provided more upside for government if prices improved but more downside protection for industry if prices came down.

He also introduced reforms whereby communities could actually express their view on projects. And at the same time he has retained income going to the regions and not taken that income to the central fiscus, which is very important in terms of retaining support. So we think mining projects in Peru will continue notwithstanding some delays. I think you will see Peru continuing to be a good mining investment destination into the future.



If we look at Botswana, just north of us, I think one of the great models we've seen is the 40 year partnership between Botswana and De Beers where the government has provided a lot of support, capacity in terms of infrastructure and human skills development, whilst at the same time it has taken a back seat in terms of managing the operation and has allowed De Beers to run the business.

It has been so successful over the last 40 years, that in that timeframe about a third of the national income has actually come from their Debswana joint venture. So it does show that there are win-win solutions between government and business that can be put in place. Here is a prime example.



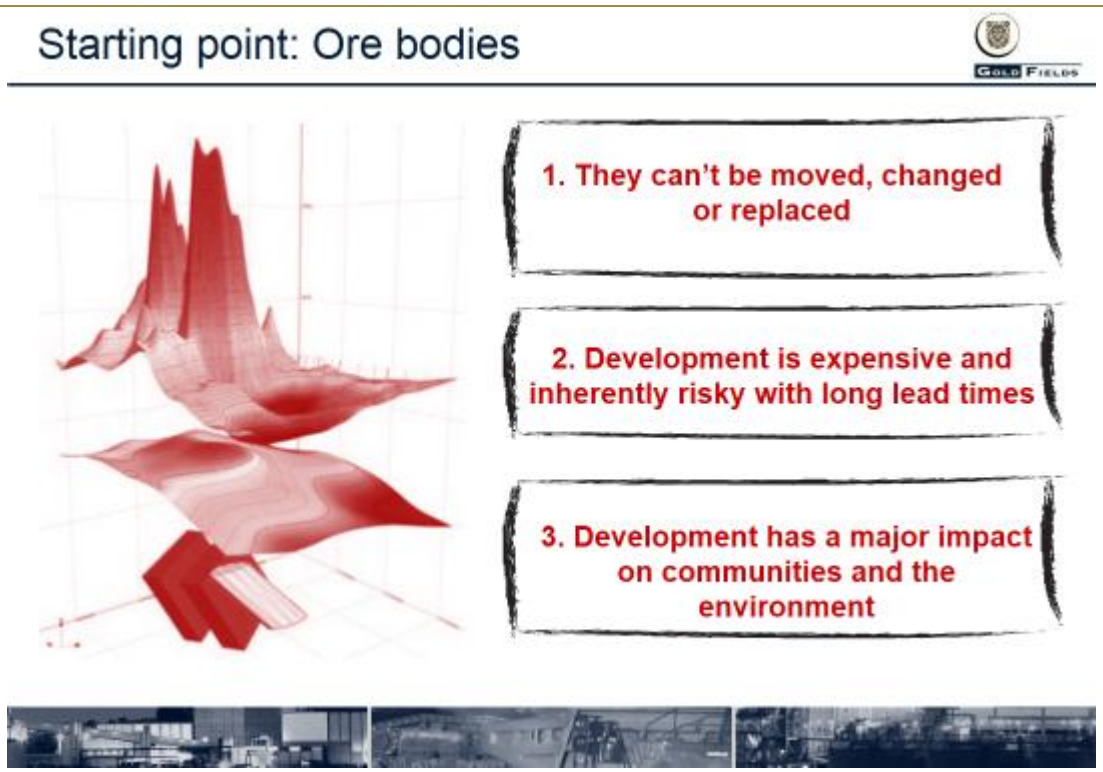
Another example is Zambia. They've been around the block a couple of times. They nationalised the industry in 1970. We saw a two-thirds drop in production of copper. I spent some time up in Zambia just before privatisation took place, and you could see how rundown the copper belt was at that point in time.

Privatisation commenced, and it was only in 2010 that the industry managed to get back to the same copper production they had in 1973. So it took them almost 30 years to try and get back to where they were. But I think they have seen the light. I think today Zambia is a country that is certainly attracting investment.

So those are some examples of where it has worked. So in our view what is the recipe for success? It really is long-term collaborative relationships between everyone who is involved in mining. That is the mining companies themselves, government, organised labour, communities, and development agencies. Everyone has a role to play. Everyone has a contribution to make. It is only by doing that that we're going to be successful. If we point fingers at each other, say it's your fault, you've got to do this, or everyone stands back and says, you've got to do it, we're going to sit back, then we're going to fail.

Everybody has to acknowledge what they've got to do and their role. And that I believe is the recipe of success that we've seen in many of these countries. That will help us to turn things around in the global mining economy. And again I'm talking globally. I'm not talking any specific country, because we see the same issues all over the world. Gold Fields operates all over the world and we see the same challenges.

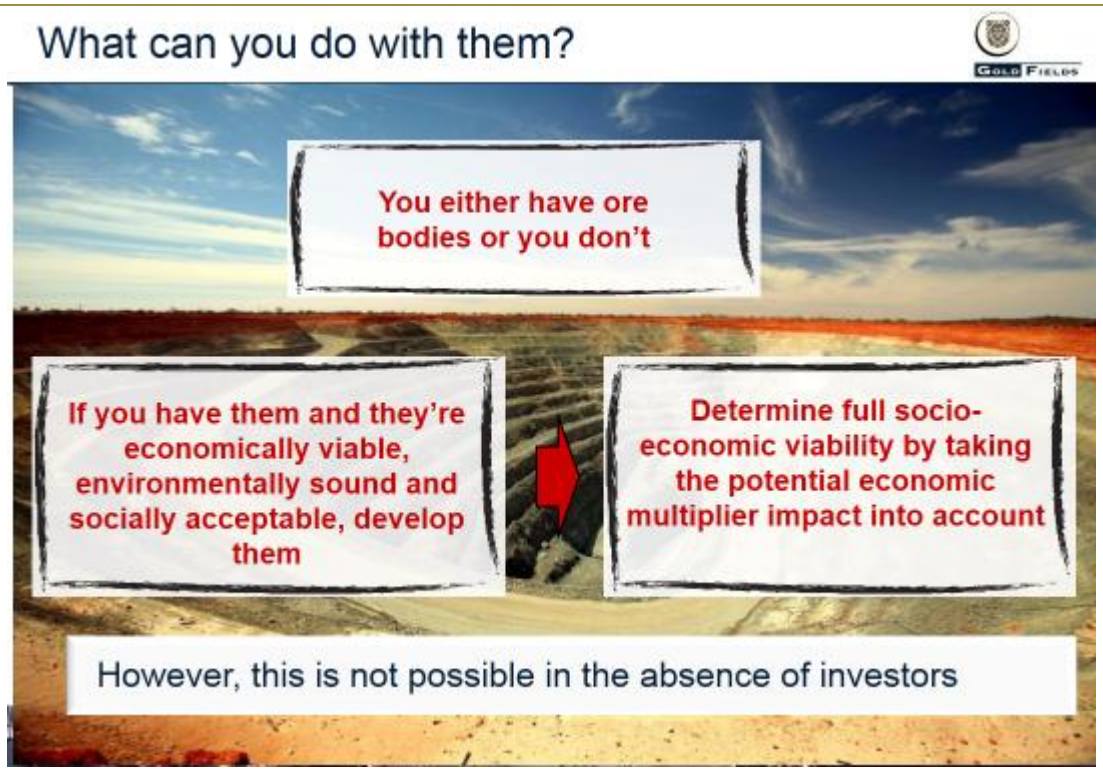
Or we can keep doing what we're doing. Let's all get a bigger piece of the cake and let somebody else lose. In other words, I want to win so you can lose. And guess what? We're all going to lose. There are no winners in this one. This is carrying on with the loss-loss pie. I don't think any of us in this room, anyone in the country or anyone in the world wants to go down that road.



So how do we create a win-win pie? Before we go there let's first look at the specific characteristics of mining. First of all, ore bodies. They are where they are. They can't be moved. You can't treat this like a business process outsourcing opportunity and take a multinational company and have its global service centre based in Manila or Mumbai because the cost of labour is much cheaper. You can't do that here. You have to develop the ore body in the country in which it exists.

You need the investors. It is a lot of capital to build these operations. The lead times are long and the risks are high. You have to often go through two price cycles, and halfway through the project you feel like stopping, and then hopefully when you get to the end of the project, if you're lucky, the price came up again and you look good. So the challenges are high and the capital cost is high.

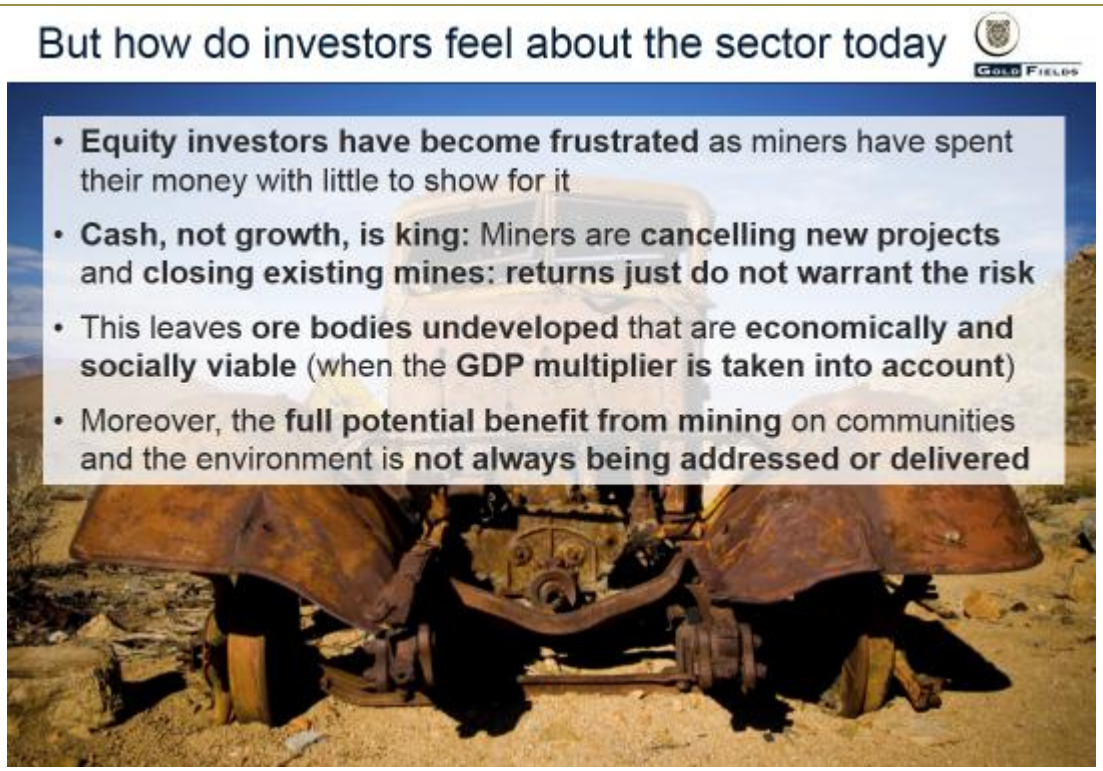
Development of these projects has a major impact on communities. It can be positive or negative. I think we can make a very positive impact on communities if we do the right thing. Mining does impact the environment, let's not kid ourselves, but if we can mitigate that impact to a level that is acceptable to society, then mining can have a role to play.



Ore bodies. Either you have them or you don't. If you don't have them, don't worry about it. Go and think about your BPO opportunities in Manila or Mumbai. But if you've got them, and if you think they are economically viable, they're environmentally acceptable and socially acceptable, then for heaven's sake let's develop them. They are there. They can add value.

But you need to understand the full impact. I think all of the role-players I've talked about earlier, governments, organised labour, communities, need to understand the full impact of mining. What is it really going to do for the environment, for the communities, for the country? Don't take a short-term view; take a long-term view. If you do some 20/20 hindsight vision and look at what some mines have created over the years in terms of jobs, that's an example. So let's look at the full impact over the lifecycle of the operation.

However, all of this is academic if we don't have the money.



So how does the money feel at the moment? The money is not too happy at the moment. Equity investors are frustrated. You saw earlier the index has dropped horribly. We've spent a lot of their money and given them very little back for it. They keep reminding us of that. Cash is king today. Don't tell us you're going to grow your production base. We're not interested. Give us cash. Don't say you're going to be five million ounces in five years or whatever. We don't care. You don't make any money. Give us the cash today. That's what we want.

That means a lot of ore bodies are not being developed, because the capital is not there. The investors want instant gratification today because they've been disappointed for so long. They've put the money in and they didn't get it back, so now they're saying we're not going to give you any more money. So those are some of the challenges we are faced with in terms of our investors.

So what is the role of mining companies in that context? Let's explore what they've got to do. I think mining companies have to acknowledge the past, and that the way mining has been conducted in the past is certainly not always the way we would conduct it today. And in terms of how people have been treated, the environmental impacts, I think the mining industry have done things possibly that today they wouldn't do. And certainly the way that things are being done now are different. So we have to acknowledge the legacy issues and what we've done.

Miners have to recognise it's not just about getting a mining license from the government department and saying off we go, thank you very much. If you don't win over the communities you can forget it. I was in Kyrgyzstan of all places. It's in the middle of central Asia. I met the president of the country, and he said, I will do everything I can to support your operations, but if you don't get the communities on side that's your problem, because I can't make the communities love the project. You've got to get the communities on board.

In years gone by that was never a feature. You build the mine and suddenly the community one day are out at the gate, and you got the security guard to go out and speak to them. Now you're not even going to build your mine if you don't embrace those people. And that's probably right that we include them upfront in the whole process.

We've got to make sure that mining makes a contribution to sustainable development around us, both during and beyond the life of the mine so people can see the benefit. And we've got to engage with government to see how we can assist in infrastructure development.

So the mining industry has got quite a lot to do, but I think we're making good progress. There have been a lot of successes over the years. One of the things in particular that Gold Fields is embracing is the whole concept of shared value, whereby you actually move away from handouts or philanthropic projects to actually investing in things that have benefits for both parties.

What am I talking about? In other words, how do you localise your procurement to the community around the mine? It might be cheaper for you as well, plus you create jobs. Win-win. Now, how do you train and source your labour from around the mine instead of trying to source labour from elsewhere? It could be cheaper for you and it is more beneficial to the community. They don't see just the headgear turning and wonder what the hell is going on. They are actually part of it.

And training as well. Healthcare. These are all of the benefits. So I think the industry needs to move more to the concept of shared value. I think you're going to hear a lot more of that because I do think the mining industry can do a lot to create value all around.

Be sure that the full impact of mining is taken into account. That requires a good understanding of not just the direct impacts of mining but the multiplier effects. What are the indirect taxes that will be brought in, for example? What are the indirect jobs? Let's put the whole package together and understand it. Then I think we can make a more sensible and informed decision.

Let's get policy certainty on the rules, on the regulatory side, and be consistent. If you keep changing you will scare away the investors. They want to see the rules set, simple, clear and consistently applied.

And it is appropriate for governments to adopt a use-it or lose-it approach. Why should they not make sure that resources get developed? If one mining company doesn't want to develop them, let somebody else. That's appropriate. At the end of the day it's latent value in the earth that needs to be brought to account if it is economically viable to do so.

Now, none of this is going to be easy, because if it was easy we would have done it already. The fact is we haven't done it because there are obviously lots of challenges. What are those challenges? How do we create those working partnerships? To create working partnerships you have to have trust. Trust is the foundation of any of these things. We need to build trust.

And we need to get all of these stakeholders together. Everybody has a role to play, and everyone has something to contribute. That's the key thing wherever you operate in the world. There needs to be balance by governments. Don't just be short-term focussed on how much can I get today, as opposed to what can I get in the longer term? In other words, don't look at the mining profits pie. Look at the mining GDP pie. Look at it that way because you will get much more benefit in the longer term.

We've talked about reporting by the industry. The industry needs to be transparent in their reporting so that all stakeholders know what we make and we don't make. Employees need to know. Communities need to know. Governments need to know. You shouldn't have to do a whole lot of analysis or employ someone to interpret the numbers. The numbers should be clear. We have to improve the way we report so that everyone understands the true economic situation of mining.

I've said it a number of time, and I'll say it again. Certainty and consistency. Long-term commitments from governments that don't change. Stick to the rules. Keep it simple. Then people understand it. If it is too complicated people move on. It has got to be simple and consistent. So those are the challenges if we're going to be successful and change where we're going.

So in conclusion, we've got two choices. We can either take the high road, and start collaborating and forming partnerships, which will do all of the things that we've said, increase investments, drive the multiplier effects, grow our economies. That's where I think everyone benefits and we improve the lives of millions of people who can benefit directly or indirectly from mining.

Or we can keep on fighting each other for a higher share in a diminishing pie. And that is just going to have the vicious spiral effect that we are seeing around the world, reduced investment, loss of jobs, a shrinking pie.

So to sum up, what do we need? Governments need to recognise that without investors there are no projects. And in order to get investors you need to give them a reasonable rate of return. Miners need to recognise their own responsibilities. And their responsibility is to make sure that they leave something behind and create value beyond just the mine itself. Otherwise they won't get the buy-in from all of the stakeholders, communities etc. And labour and communities need to temper their own demands and work out how they can contribute to not shrinking the pie but helping to grow the pie.

It is going to need all of the parties to show a tremendous change in direction if we're going to change the fortunes of the global mining industry. But I think with the right will we can certainly make a change.

I hope this has given you some interesting thoughts that you may want to take with you.

With that I want to thank you for your attention.