

Resources the life-raft in an economic storm

BY GINA RINEHART

Sometimes I think we, as a nation, forget important fundamentals. Natural resources and people on the land and in our north contribute a major portion of the wealth of our country.

This was recognised as a key factor that helped Australia avoid the previous global economic crisis. Now we have another global economic crisis approaching, led by both Europe's and the United States' big-spending governments and resultant debt and economic downturns. Therefore, we need to maintain the success of our resources industry.

The positive news is that Australia was able to withstand the global economic crisis of 2008/2009 due to its fundamental strength in natural resources. Caution and restraint, amidst policies that will undermine the competitiveness of our resource industry, are now needed, as Australia already has high debt and dependency on huge external borrowings, and an increasingly elderly population that will require growing support.

The recent proposals and legislation for new taxes, especially on the mining industry, coupled with Australia's already very high costs and labour shortages in the north of Australia and reducing productivity, do not augur well for Australia. Our position is particularly troubling in the face of a very rocky time ahead for the world's economy.

Investors are already focusing on Africa, which has a great abundance of natural resources and offers a low-cost workforce, enabling the region to offer mineral resources at a more competitive price. Not just a few, but hundreds of Australian companies are investing in Africa instead of choosing to invest these funds in Australia. We need to turn this around, or Australia will suffer the consequences for many, many decades.

In a recent article, *The Australian* quoted globetrotting Ukrainian billionaire and head of CML, Mr Gennadiy Bogolyubov, commenting on Australia's

investment potential: 'Up to now I felt [it was stable]. But now everyone is talking about the new [mining and carbon] taxes and about big changes. How can you talk about stability if you don't know the financial situation? Australia is a good country but production has become more expensive. So my investments will concentrate more to Africa. Maybe capital will move from here to there.'

The growing uncertainty that is clouding Europe and the United States will affect other countries, and should be at the forefront of our thoughts for Australia's own economy. Australia should seize the moment and position itself to welcome investment. It can only do this through sound economic policies that allow an investor to consider Australia a compelling destination in which to invest.

Countries like Singapore or Monaco attract substantial investments despite not having the huge resources that Australia has. Singapore and Monaco do, however, offer low taxes (or lower!) and investor-friendly policies – let's learn from them! The cost of accommodation in Singapore and Monaco is so much higher than in Australia, but people are attracted to paying less tax!

Australia can, if it chooses, actively take a more positive direction, and in so doing, continue to lift the standard of living in this country. The spreading economic crisis in Europe and the United States means it is imperative that policies in Australia are proactively addressed to grow our investment and development and mitigate the coming recession.

By all means increase taxes on cigarettes, cigars and alcohol (products that add to health care expenditure), but don't increase production taxes, as this will make Australia less competitive



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and see our country lose out. Now, as a recession approaches, is not the time to burden Australia with a carbon tax and Mineral Resource Rent Tax.

It must be said, however, that a carbon tax is unnecessary in any event.

What good will adding a carbon tax do in Australia? Will a tax in Australia bring down carbon dioxide emissions elsewhere? No. Will a carbon tax drive up our costs, add expense that affects those who can least afford it, add costs to production with resulting loss of competitiveness and loss of employment opportunities? Yes.

Those who work hard and are able to invest in Australia, and who then get endlessly criticised and torn down for doing so should not be blamed for rushing off to live in Singapore or Monaco or even Africa. But before even more of us invest our time and money overseas, let's take heart from the progress ANDEV is making across northern Australia and elsewhere, calling for special economic zones in our north to entice investment and grow Australia. If you'd like to view ANDEV's website at www.andeve-project.org, please then register your vote in support of ANDEV's policies and become an active member of ANDEV. We all know we are fortunate to call Australia home, even though it has faults. Let's do what we can to prepare Australia against the northern hemisphere's recession and secure Australia's economy. We can make Australia an even better place to live. 