

Speech by Mrs Gina Rinehart
Executive Chairman of Hancock Prospecting Group, Roy Hill
and S. Kidman & Co.
500 Club *State Shapers Series*
Wednesday, 28 February 2018
Perth, Australia

Thank you William for that very nice introduction.

Good afternoon distinguished guests and friends.

Thank you to Eleni and the 500 Club for the invitation to be with you to launch the State Shapers Series. Great initiative!

Can I start by welcoming the politicians present today including Leader of the Opposition Mike Nahan and Deputy Leader of the Opposition Liza Harvey, and other Members of Parliament, as well as my friend Ron Manners, and other WA business leaders and owners here.

Let me quote some exciting news:

Company tax slashed from 35 percent to 21 percent. Government red tape cut, slashing 22 regulations for every new one.

The results:

- Over 2.4 million jobs have been created in a year;
- business optimism is at an all-time high;
- The stock market has repeatedly reached record highs;
- Investment is strong and rising;
- Wages are rising with the usual weekly paycheck for the median worker rising by its fastest rate in nearly a decade;
- Consumer confidence is high, beating predictions;
- Unemployment claims are the lowest they have been in nearly 50 years;
- The unemployment rate is at the lowest it's been in 17 years;
- Unemployment has fallen to record lows for typically high unemployment groups; and
- Female unemployment is at a near two decade low.

Wow, I would even be more excited as a fourth generation West Australian and Australian, and someone who I think has shown her dedication to West Australia and Australia too, if I could say this exciting and very important news was happening in this state and our country.

The Trump Administrations trail blazing economic reforms

The United States, under President Donald Trump's leadership, is showing everyone they are open for business and investment, and truly on the way to making the USA great again.

The US is showing with their tax and tape cutting, they welcome investment and all of the associated benefits that go with it of sustainable jobs, rising living standards and higher wages, and bringing people out of the problems of being on the dole. They are showing that the US is lowering tax and tape costs to remain internationally cost competitive.

All this is happening under one courageous and dedicated leader, President Trump.

A friend of his told me, that he tried to deter his friend, Donald, not to run for office. Trump told him, America needs fixing, you find me one other person who can do it. If you can, I will not run. But if you can't, you support me.

We know what happened.

President Trump said recently at the World Economic Forum in Davos: *“Now is the perfect time to bring your business, your jobs, and your investments to the United States of America. This is especially true because we have undertaken the most extensive regulatory reduction ever conceived... In the United States, like in many countries, unelected bureaucrats have imposed crushing anti-business and anti-worker regulations on our citizens with no vote, no legislative debate, and no real accountability. In America, those days are over.”*

We need our politicians here in Australia to be saying the same thing! And far more than this, actually doing it, don't we?

I'll never forget, my staff were in the audience at a Commonwealth Heads of Government Meeting (CHOGM) held in Perth years ago, and a then minister was up on stage promoting his ministry and welcome to business approach, then when it was my turn to speak, I showed the reality. Thousands of approvals, permits and licences were required. There they were scrolling down on a screen, it took a long time to show them all, and this was for one project only, and before construction.

The truth is approvals, permits and licences, are not encouraging to investment or jobs or improving living standards, or bringing the revenue we need for essential services, defence, police, hospitals and health centres, our elderly, better infrastructure, sporting facilities, parks and more. Isn't it time our governments knew this, and did something significant about this, not just say they are cutting red tape. It is now hugely higher than it was under the anti-business, socialist Whitlam government.

President Trump's clear message to the world and indeed, to the local governments of US states and territories is this: cut taxes, red tape, and your economies will benefit, and so will your people. This is a message that is real, and is working, bringing huge benefits to his countrymen and women.

Large American companies such as Verizon, JP Morgan, AT&T, American Airlines, Home Depot and Walmart have announced their intention to give their staff bonuses or raises in their wages thanks to President Trump's reforms.

This is a message we need here.

Indeed, as you will see in my books on your tables, Australians for Northern Development and Economic Vision (ANDEV) and I have been advocating cutting these 2T's – taxation and tape – for many years! Some of ANDEV's courageous members are with us today. Big welcome and huge thanks.

Prime Minister Modi of India is also cutting red tape successfully. In just one year of office, he doubled economic growth. His mantra is from red tape to red carpet, which I named my latest book after.

It's not easy to stand up for policies that benefit our country, when to do so is going against the tide. I hope as the success of President Trump's and Prime Minister Modi's policies become known, standing against that tide will become more and more popular.

Because of President Trump's tax and tape cutting, the US is surging ahead economically with results that are exciting, and more and more are beginning to understand the benefits of such cuts under the President's economic leadership.

It's especially exciting to see those in industrial and trade union belts, throwing away the Democrat policies, policies that never encourage growth, don't encourage investment, nor rising living standards, and nor provide jobs, but limit those people to the self-esteem destroying dole, and low wages, and they are turning instead to Trump's policies. And may I add, policies ANDEV has separately proposed for years.

I say exciting, and mean it, because on my visit to the USA last month, Americans were excited and spirits were high. Not everywhere of course, indeed certainly not in the left-wing areas of the American media! However, this president is strong and dedicated and will not let himself be dictated to by the left-wing media, he concentrates on bringing to fruition economic policies his country needs to benefit Americans. And despite huge daily abuse in the left-wing media. He says, the left media is a thing of the past, the policies he's bringing mean you can get busy with your lives, improve your lives and businesses.

The unfortunate situation here in Australia and West Australia

Well, looking at Australia and West Australia, the picture is different, very different, with our big governments, big spending and consequent record government debt, high taxes, excessive red tape and investment in Australia as a percentage of GDP currently lower than what it was under the anti-business Whitlam government. Macquarie Research forecasts this investment percent will fall even lower.

We are now one of the highest taxing nations in the OECD, and much of taxpayers hard-earned money, is then wasted by government. But let's not just focus as we seem to be doing on just cutting taxes, we need to cut red tape significantly as well.

When I got approval for National Mining and Related Industries Day, to be held each November 22nd, given mining's importance to Australia and West Australia, I searched for mining songs, surprisingly for our country, hard to find. So, I asked my friend, Jim, to create, and he sure did, "mining permit blues," which we play at each National Mining and Related Industries Day gala event. Please come November 22, this year will be held in Canberra, and next year in Perth. Jim's song was played for you as I came to stage.

Isn't it time for some audience participation? I am going to ask for applause please for one of two options, first, the government's current course of let's cut taxes, but let's not touch the bureaucracy, it's red tape and compliance burdens, and two, let's do the President Trump and ANDEV way, cutting the 2T's - tax and tape.

May I have applause for the first option, just cut tax...

May I have applause for the second option, cutting both tax and tape...

Terrific! Now let's carry that message loudly to our governments.

The left-wing orientated media and their followers argue, you cannot cut taxes as we cannot afford to do so, but we could easily afford if we cut the size of government, reduced their intrusion into our lives, and significantly cut their red tape and compliance expense. And, just as the Trump Administration has shown, with the rising investment this achieves, more revenue is generated.

As has been said before, but it's worth remembering, "businesses get the government they deserve."

Let us arm ourselves with information, and, use it.

An important point often overlooked when pointing out the benefits of tax cuts is the benefit they have for the disadvantaged in our community.

The best way to help someone is through employment, enabling access to income and a lift in spirits and self-worth. Again, as Trump has clearly shown.

The WA Chamber of Commerce and Industry's CEO said recently that we need to "up the ante" on reforming our economy if we are to continue to prosper.

"We do have a spending problem in WA, we spend more per capita at a State government level than anywhere else in this nation" he said.

"We can't address the current imbalance simply by raising taxes... it's a spending problem, not a revenue problem. We urge the government to take a laser sharp focus on where it can cut spending."

"We've seen the private sector undertake extraordinary innovation in order to reduce their operating costs and so we should have that same expectation of the State and Federal governments."

Further, what do you think Australian CEOs listed as top threats to growth in Australia?

Would you think it's the speed of technological change which is rendering many businesses worthless or would you think it is geopolitical uncertainty?

No, two of the top three threats to growth in Australia were listed as "overregulation" and "increasing tax burden."

The same PwC report also stated that: "the concern is around inaction to embark on real and meaningful regulatory change and tax reform. Without reform, the risk is that Australia's global relevance will continue to decline."

Executives of corporations realise this, small business owners realise this, and I hope the 500 Club will also encourage those in government to urgently take real action to reduce our state and our country's tax and regulatory burdens to allow our economy to grow and prosper.

Australia falling well behind in cattle numbers

In addition to National Mining Day, our state is of course also an agricultural state, so last year I requested and was granted permission for National Agriculture and Related Industries Day, to be held each November 21st. This year it will be held in Sydney CBD. It was sold out last year, with people not able to join us, so please contact the Pastoralists and Grazier's Association of WA, should you want to attend this year.

Having initially grown up in the pastoral industry, on Mulga Downs and Hamersley Stations, the former we still have today, and having loved station life in the outback, I was excited to take on further expansion in the agricultural area.

A sector of our agricultural economy that has room to grow, but is currently hamstrung with tape, is our cattle industry.

For instance, let's look at Brazil, a similar sized country.

Both Australia and Brazil are the largest two countries in the Southern Hemisphere with – Australia at 7.69 million square kilometres, and Brazil just a little larger.

Both countries are leading economies in their regions and both experience similar climatic conditions in many parts of their countries.

How many beef cattle do you think Brazil has?

And, how many cattle do we have in Australia? The answer is astonishing.

Approximately, Brazil has over 225 million head of cattle and it was reported this month that Brazilian cattle numbers have grown every year over the past 18 years.

In Australia, we have a mere less than 25 million, ours declining in recent years.

Brazil, a country with a similar land mass, has a cattle industry nearly 10 times bigger than Australia's and we like to tell ourselves we are world leaders in agriculture.

And, what about West Australia compared to the rest of Australia? How many of the 25 million head of cattle does WA have?

Despite being Australia's largest state, according to Meat and Livestock Australia's 2016-17 figures we only have approximately 2 million cattle compared to Queensland's approximately 10.5 million cattle . And in New South Wales, even it has more than double the head of cattle west Australia has! NSW has approximately 5 million cattle.

Just one example of government regulation that acts to prevent our cattle industry from developing in WA, is the restrictions on the usage of the Fitzroy River.

Across the average wet season, approximately 7,000 gigalitres of water is wasted as it uselessly flows into the ocean, past many stations.

Just one years flow is about 14 times the amount of water in the huge Sydney Harbor!

As it stands in 2017, the government only allows one water licence to access water from the Fitzroy River for a mere 6 gigalitres.

This leaves approximately 99.9991% of the water to run out uselessly into the Ocean.

We can't raise cattle without good water supplies, and we sure can't match Brazil without increasing water supplies!

Stagnant unfenced dam water, which cattle often drink, can be dirty and contaminated containing diseases such as E. coli and giardia, causing painful illness and deaths.

According to American and Canadian research, cattle could also put on between 15 and 28 per cent more weight over a year just by drinking clean water.

Allowing access to water from the Fitzroy would not only be a win for pastoralists, but also a win for the animals as they would be drinking cleaner, healthier water.

If the government allowed us to tap into this and other huge wasted good water sources we would be able to increase our cattle numbers and just imagine the benefit to all the related industries that depend upon agriculture.

Conclusion

Of course, I shouldn't leave on agriculture, without briefly touching also on our mining interests in West Australia. We have three major mines in partnership with Rio Tinto, at Hope Downs, plus a mega mine, Roy Hill, currently the single largest iron ore mine in Australia, that reached in record time its 55 millions tonnes per annum capacity, last September.

We're pleased to say, despite much "fake" media, this was achieved with a safety record better than the states average, and, with the unusual record for the high cost Pilbara, within budget.

Of course, none of this would have been possible, without very hardworking, dedicated and loyal staff as well as our partners and suppliers. I just happen to know some of our staff are in the audience today. I'd like to ask Tad Watroba, my Executive Director and fellow board member on Roy Hill and Hope Downs, and Garry Korte, CEO of Hancock Prospecting, to please join me on stage.

Tad has been with me for decades, through thick and thin, and I can assure you, there's been a heck of a lot of thin, but he's stuck in there, for which I'll always be very grateful. He loves the mining industry, and has kindly agreed to be Co-Patron with me for National Mining and Related Industries Day. Tad does hint, that now that he has reached a certain vintage, some more months off each year but he puts his hand up offering to help, and on he goes.

Garry, as many would know, started initially as CFO for Roy Hill. He headed a small finance team, which with the help of Hancock, and our minority partners in their respective countries, put together an amazing debt financing deal. The largest debt financing deal for a largely greenfield, land based resource project in the history of the world. This involved 19 of the world's largest banks, 11 of these being the largest banks in the world and 5 Export Credit Agencies. And, without this debt financing, there'd be no Roy Hill.

This did not come without a huge amount of effort and extra hours, I know this from first hand, and Garry's and my after mid-night, plus weekends emails, which didn't stop during holidays, as Garry said, blow torch pressure at times.

Of course this meant, a promotion was well earned for Garry, and we are now very fortunate to have him as our Hancock CEO. We are still a small hardworking executive team at Hancock, and you might be interested to hear, Garry told me, he knew he had worked hard at Roy Hill, but at Hancock with additional responsibility, he had to work even harder!

When I leave the stage soon, I will leave a film showing something of our 55 million tonne per annum Roy Hill project, which I doubt would have occurred without these two men, and of course Samsung who built most of it, and the huge Roy Hill team too.

Thank you gentlemen.

I have enjoyed very much coming to your speaker lunches over many years, although regrettably, I've had little chance to attend this last decade. I know I was one of the 500 Club's earliest members.

May I suggest, now that we are in 2018, and have launched the great initiative of the State Shapers series, we consider a name change to the 20,000 club, and do a membership drive?

I'd like to mention we have 16 of Ron Manners' Mannkal Young Scholars with us today, and propose and if accepted, pay for the initial membership of 16 of Ron's Mannkal scholars, who Ron selects.

Just think if we had 20,000 or more, active members, driving tax and red tape reductions, what a great state your members could help achieve!

Thank you.

