

Barnacles (On The Backside of Progress)

**Address By Ron Manners To Seminar
"Kalgoorlie The Next 100 Years"
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Well here we are in Australia, in Kalgoorlie, trying to explore, to mine, to produce, to service and to create employment and opportunities for those around us.

With an industry that we can be proud of as a productive export earning group of people working hard at overcoming many of the nations problems, you would think that we would be given red carpet treatment.

Unfortunately that's not the case and if Peter Sellers (of Goon show fame) wasn't dead, I would think that he was writing the script for what we see happening at the moment on the Goldfields of Western Australia.

It might be funny, if it were not for the fact that in WA there is a bankruptcy occurring every eight hours in a recession not of our own doing.

Similarly we somehow sit back powerless and watch Governments borrow more money to pay the interest on their existing debt, and similarly we watch business borrow money to pay their taxes.

There are danger signals even in Kalgoorlie and we should learn to read these right now. We shouldn't be fooled into thinking that there are no problems just because business is good for some of us right now.

The best years in the 90 year history of my family's small mining equipment company were the three or four years following the collapse of the nickel boom, when the mining companies were trying to bring into production the discoveries made during the preceding years.

I suggest that we are in a similar period, where there is virtually no exploration for new deposits, and when for every new exploration or mining company moving into Kalgoorlie we are losing four or five.

We are not discovering new ore at the same rate as it is being mined.

The mining industry is traditionally very shy and reluctant to adopt a high profile. We stick to mining and exploration and under normal circumstances that's the way it should be, however there is such a downturn in exploration that we can't remain silent much longer. To explain my concern let's think of exploration as being a bit like football. Exploration is about kicking goals. Each time we have a new discovery, it's like kicking a goal for Kalgoorlie, in that it means there's a new mine out there in front, that will be developed in the next few years, resulting in more employment opportunities and more excitement, and in turn more exploration.

As long as we can make Kalgoorlie an exciting place, we won't have trouble attracting people here.

With others I share the growing concern that the Federal Government, the State Government and even local Government seem to be marching to a different set of priorities to what should be appropriate at the moment and I hope today's forum will be an opportunity for each group to communicate freely with each other.

As a few thought starters, I've made out a list of what I term "Barnacles". In similar fashion to the way barnacles are fixed to the underside of ships slowing down their progress even to the point where the ship must stop and dust itself free from these barnacles. I regard the following as 'barnacles' on the backside of our progress.

Payroll Tax

If you are designing an economic system for a country and you really wanted that country to be successful, would you 'fine' employers for creating employment?

Would you double the fine for successful employers?

That's what payroll tax is and it's no surprise that unemployment figures are rising.

Stamp Duty

Stamp Duty has now got to such a high rate that it is an impediment in the way of doing business and prevents many normally successful deals from taking place. It prevents internal reconstructions and anything that prevents efficiency rates highly as a barnacle.

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Trading Hours Restriction

I'll just mention the case of Murray Black who spent about A\$1 million of his own money at that large B.P. service station and car wash. Now he's been told that he can't open at hours that suit him, his staff and his clients.

Fringe-Benefits Tax

There is no mystery why new mines discovered will follow the "fly in - fly out" pattern as long as mining companies continue to be 'fined' by fringe-benefits tax for providing on-site facilities for their staff.

One Minister for Mines, Three Against

It is interesting to note that the Department of Mines has suffered a 13% cut in funding this year while the Department of CALM has experienced a 17% increase. The conclusion to be drawn from this is that the gap between these Departments has been widened, emphasizing the government's continuing commitment to green politics.

The State Government has diverted the \$320 million surplus generated by the Mines Department, to other departments and services elsewhere.

Why Lose The People We Have Just Trained?

A large hidden cost to Australia is the threatened loss of many of our excellent technical people.

I witnessed a similar situation in the early 70s when a local geologist, Tony Hall, was appointed head of the Saudi Arabian Bureau of Mineral Resources. He recruited 40 geologists, mainly Australian, and for eight years those geologists were contributing to the wealth of Saudi Arabia and not to Australia.

Many of our geologists are now headed overseas and almost every Australian mining company I know has opened up a file called "Overseas Opportunities".

WA's Image

Anyone who has been overseas recently, trying to raise capital is aware that the WA Inc. shambles has created a worse image problem for us than even the several failed companies.

There is a bizarre fascination overseas with how we permitted our State Government to become involved in non-government areas.

I'm not interested in the gruesome details but I do want the healing process to start quickly and it will only start if it is subject to a full and open investigation which is now being called for by almost every sector of our community.

Council Rates on Mining Tenements

The increase in Council rates (10% increase, being 3% above the CPI rise) is a surprise when we were told that the merger of the two Councils would result in economies rather than cost overruns.

Increases in costs are the greatest killers to industry at the moment and are paid always on a "instead of what" basis.

All payments such as rates come out of exploration/development budgets, so higher rates mean less exploration, less new mines and less employment opportunities.

Similar comments apply for exploration funds being re-diverted by Local Government into entertainment centres.

What Kalgoorlie needs more than anything else at this moment is more exploration, more discoveries and more employment choices. Anything that diminishes these objectives will weaken the region's long term prospects.

Debt and Bad Debt (Bad Debt and Worse Debt)

From my observations this turndown is far more serious than the early 70s because this time we have debt and bad debt (some \$54 million bad debt).

Those who have debt or bad debts know that these just will not go away.

On the debt side there is some concern that at local government level there is some potential exposure coming up with the entertainment centre and the recently announced new civic administration complex.

Attitude

I recall a rather vicious campaign against the mining industry in 1987 as a plan to introduce a State tax called the gold levy.

This backfired and reawakened Canberra's interest in the gold tax which we now see fast approaching.

It also left a lot of residual platitudes such as one that I still hear "the industry is not paying it's way in the community".

This has contributed to an all pervasive attitude and we see an example of that on the front page of yesterday's Kalgoorlie Miner where a Sydney based economic geographer blames the mining industry for the plight of the local Aborigines and suggests that "Aboriginal groups target the next mining boom".

I suggest that these 'attitude' problems should be re-examined by the community and turned around into a "welcoming committee" where we can start attracting new exploration instead of scaring them off.

Well that is a brief summary of some "barnacles" and I suppose barnacles are like fleas, which reminds me of the old saying "A healthy dog can stand a few fleas", unfortunately the 'dog' called exploration and mining is not as healthy as we would all like it to be, so it's important to reduce the flea population before the dog runs away from home.

Summary

The mining industry – which is all Australians (directly or indirectly) – has the ability to continue its successful track record and generate excitement and employment, if we can get through this low patch by ridding ourselves of some of these shackles, barnacles and fleas on which we are spending so much time and effort.