

**The Language of Leadership**  
**(The 2009 Sir Arvi Parbo Oration)**  
**AMEC Mining Congress**  
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*“The secret of eternal life? Become legislated as a Federal Government program” —  
Pres. Ronald Reagan*

By a remarkable set of co-incidences, a couple of weeks ago, I found myself talking to Warren Buffett, at his AGM in Omaha, Nebraska, and asking him a question that was troubling me.

Only 35,000 people attended his AGM, and I was there as a guest, not as a shareholder.

Warren Buffett, in my opinion, is doing more to restore the image of Business in the U.S.A., than any other single individual. More by example, rather than as a result of his actual net worth.

The reason I mention this, is that my words this morning are to honour an Australian Legend, Sir Arvi Parbo, who I consider to be the most significant living individual to put forward the case for our Minerals Industry in an eloquent, elegant and always positive manner and also moving far beyond our industry, to become a spokesman for our entire Nation.

He is our Poet Laureate, having mastered successfully the Language of Leadership, which is the title for my comments today.

I do know Sir Arvi well enough to know that he is so modest that he will feel uncomfortable at being described in such glowing terms and my only comment is “that’s too bad.”

I too am very humble and very proud to be standing in front of a bunch of mates and honouring Sir Arvi’s contribution to our industry.

In the brief time today we’ll cover these items.

1. Sir Arvi Parbo the man and the legend.
2. The Language of Leadership.
3. Today’s financial settings.
4. AMEC – “rising to the challenge”.

Let me tell you how I first met Sir Arvi.

This was back in 1958 when he was appointed Underground Manager of the Nevoria Mine, just a few miles from Bullfinch, Western Australia.

Let me explain that I was then a pimply-faced youth and I knew absolutely “everything” having qualified as an electrical Engineer at the Kalgoorlie School of Mines. (It’s only recently that I’ve discovered how little I now know.)

My father had just had a serious heart attack so I was promoted from “unpacking crates of mining equipment” to running the business and from my father’s hospital bed he said to me, “Go down to Bullfinch and sell them some of these new Oldham miners cap lamps and explain why lead acid batteries are so much better than alkaline batteries.”

Off I went to Bullfinch and asked for the “boss”. They said you must mean Brodie, so I met this impressively tall gentleman and was struck by the fact that he appeared to have only one name.

I just started my sales talk and Brodie said, “No, no, not for me, you should be talking to Arvi Parbo, our new Underground Manager, head off down to Nevorlia (approx. 30 minutes away) and you can see him there.”

So I met Mr Parbo and he patiently and courteously listened to me explain why lead acid batteries maintained their output voltage over a full shift instead of progressively declining, and how ‘the work done was equivalent to the area under the graph’. He asked several probing questions and said, “leave it with me”, and we parted company.

As I drove back to Kalgoorlie at top speed in my Holden utility I remember thinking to myself, “poor bugger, with that heavy European accent, he’ll never make it. Nobody will know what he’s talking about.” So I felt genuine concern.

Many years later, after getting to know Arvi so much better and during the time he became Australia’s leading industrialist being the Chairman of Western Mining Corporation, BHP and Alcoa simultaneously, along with many other significant directorships, I had the courage to tell Arvi of this earlier experience.

Well, in his typical unflappable style of one-liner, he responded .....

“Well Ron; sometimes you get it right, sometimes you get it wrong!”

Over the ensuing fifty years we have been in touch from time to time and I’ve often been treated like one of the WMC extended family.

On the occasion of their great reunion for senior WMC staff, to mark the occasion of the 25<sup>th</sup> anniversary of the discovery of Kambalda (19<sup>TH</sup> Sept., 1992), I was invited to be part of a fascinating weekend of events.

One of the many souvenirs from that weekend was the menu from the formal dinner party in Kalgoorlie which featured a copy of their exploration budget as signed off by Brodie and Arvi. This is dated October 1965 and included the drilling program that discovered Kambalda’s nickel. The total budget for the year was £121,500 (much less than most of your own exploration budgets). What good value that proved to be!

What an historical document that was of history being made.

Back in the mists of the mid-70s a group of consultants at McKinsey & Co., were trying to work out what made a mining company tick. One can imagine, they searched high and low.

Recalling the study, one of the consultants said that the most telling point was the structure of the Board meetings held by Western Mining Corporation. “The first man to address the Board, is the Exploration Manager,” he said. “Exploration makes a mining company tick, and Western Mining is the best.”

When later interviewed in 1988 by Ian Huntley – the Chairman, Sir Arvi Parbo, was queried about this. He replied, “Yes, every Board meeting starts with the Director, Exploration – Roy Woodall – and then we go through operations, production, finance and so on ...”

Then, Sir Arvi stated that the emphasis was on the quality of what the company did, quality of product, and having a place in the hierarchy of lowest cost producers. “That way, and that way only, can we have a solid, secure operation.”

What a difference to today’s Board meetings, many of which are cluttered up with trivia, such as the number of “band-aids” that the company had used the previous month.

I’m not denigrating “safety aspects”, simply stating that safety, environment and so many other of the softer issues should simply be part of a company’s culture as it evolves and not displace productivity and the development of a solid, secure company.

It was Sir Arvi, a few years later in the early 90s, who raised the issue of Company Conformance versus Performance.

More recently we have seen companies with immaculate “conformance” records, simply go broke.

For today I looked at the possibility of giving you a brief outline of Sir Arvi’s career and then I realized it would have taken my full 30 minutes, so instead I’ll merge points (1) being the multi-dimensional Sir Arvi Parbo and point (2) being The Language of Leadership, as it’s almost impossible to separate these aspects. They are fused together.

What is The Language of Leadership?

We all know what ‘language’ is, but what is ‘leadership’ and how can language be linked to ‘leadership’?

Leaders are people who often say things that are unpopular and then see people change their mind about that particular issue.

They absolutely ignore opinion polls.

This has very little to do with high office, although that does help, because there are more people listening.

However, that doesn't stop people like Prime Ministers talking nonsense.

So it's possible for people in high office to actually not be leaders in this sense.

Sometimes those people demand the most approval and get annoyed that people who need approval the least, actually receive the most.

There are some immutable laws of leadership. One is balance. If you get too far in front of your troops, you start to look like the enemy.

General Norman Schwarzkopf, said —

“Leadership is a combination of strategy and character.  
If you must be without one, be without the strategy.”

Woodrow Wilson, said —

“We grow by dreams. All big men are dreamers. Some of us let dreams die, but others nourish and protect them, nurse them through bad days ... to the sunshine and light which always comes.”

Wilson believed that vision is the key to understanding leadership, and real leaders never lose the childlike ability to dream dreams.

Henry David Thoreau also captured the Language of Leadership when he said —

“We must learn to reawaken and keep ourselves awake, not by mechanical aid, but by an infinite expectation of the dawn.”

As well as the ingredients of discipline, persistence and determination, a large helping of wisdom is essential and President Herbert Hoover once said —

“Wisdom consists not so much in knowing what to do in the ultimate as in knowing what to do next.”

Knowledge can be memorized, wisdom must think things through. Wisdom is something that enables us to use knowledge correctly.

Wisdom resists pressure groups, thinks for itself, and is reconciled to use its own judgement.

I often think a great example of the difference between knowledge and wisdom was the High Court judges who created the Native Title legislation. They were certainly not short of knowledge but incredibly short of wisdom, and the whole country has born the costs for this.

Courage is vital too, and Mark Twain once said —

“Courage is resistance to fear, mastery of fear — not absence of fear.”

Humility is another ingredient and one of the world's greatest scientists and philosophers, Isaac Newton humbly explained his success this way —

“If I could see further than others, it was because I stood on the shoulders of giants.”

Leaders of course must be decision makers. They must be people of action and it helps if they have developed strong friendships as the path can be extremely lonely without colleagues.

George Washington knew that when he said —

“Associate yourself with men of good quality if you esteem your own reputation; for 'tis better to be alone than in bad company.”

Now fancy having all those qualities and then being stuck with nothing or no-one to actually “lead”. Somehow I think with all those qualities something is bound to turn up.

By the way, good leaders also have a habit of developing more leaders and many years ago the U.S. steel magnate, Andrew Carnegie, was asked how he developed his key team, replied, “Men are developed the same way that gold is mined. When gold is mined, several tonnes of dirt must be moved to get an ounce of gold; but one doesn't go into the mine looking for dirt — one goes in looking for the gold.”

One of the many leaders, discovered and developed by Sir Arvi, is the late Keith Parry, whose career I outline in my latest book, due for launching mid-year.

The book is titled *Heroic Misadventures* and it started off as a kind of management “how-not-to-do-it book.”

But it has developed into something far more substantial and its sub-title is now, “*Australia; Four Decades – Full Circle*”.

As I got nearer the end it suddenly became clear to me that we, as a nation, are entering a political environment as hostile to business and enterprise as we experienced in the 1970s.

Before that, in the 50s and 60s, public opinion and government policy in Australia strongly supported economic development. As a result, giant strides were made in both material and non-material living standards.

However, in the 70s and 80s this support was weakened, if not lost.

Apart from being periodically rescued by firstly, the Japanese and now the Chinese, Australia has been struggling to maintain our standards and have often financed this by heavy borrowing.

There is only one way out of this quagmire and that's by producing more world-competitive goods and services for export and for our own consumption.

The future of the nation depends on this, but you know all that already and I'm sure you will enjoy the light-hearted relevance of my *Heroic Misadventures* book and the similarities between the rudd-erless leadership, both then and now.

Still on the subject of leadership ....

I remember some other wise words of leadership from Sir Arvi when he was delivering a business breakfast address called "Reflections on Australia", (Perth 5<sup>th</sup> Nov. 1991).

Sir Arvi was giving us some sense of perspective and commenting how most of the time we were preoccupied with day to day problems and grappling with the immediate future. Leaving us no time for reflection, for standing back and looking at ourselves and what is happening around us. He felt that it was important to do so occasionally and to try and put things in perspective.

Showing us that perspective is important he illustrated with the story about the parachutist whose parachute failed to open.

He pulled the rip-cord of his emergency chute, but it also failed. By now he was understandably concerned.

Suddenly, he was surprised to see another man travelling in the opposite direction. "Do you know anything about parachutes?" he cried out, as they passed, midair.

"No," the other man answered. "Do you know anything about gas stoves?"

Handy sometimes to put yourself in the other person's position.

In that same talk, showing remarkable perceptiveness and future vision, Sir Arvi made these following comments:

"A well proven way to come into public prominence or, if already established, extend one's influence, it to alarm and create fear in people. This is the standard method used with great success by, for example, extreme environmentalists. The truth does not matter; publicity is what counts.

Results of scientific research are being sensationalised, misinterpreted, and misused, while the scientific community, with a few exceptions, watches from the mountaintops of their disciplines and allows this to happen.

The reason why activists do not bother about the accuracy of their claims has been recorded by one of them, the American climatologist, Stephen Schneider: 'We have to offer up scary scenarios, make simplified, dramatic statements and make little mention of any doubts we may have. Each of us has to decide the right balance between being effective and being honest.'

Mr Schneider was predicting a coming Ice Age in the 1970s and is now a staunch protagonist of the global warming theory.

This however, does not explain why responsible officials in government departments dealing with such matters allow inaccurate and misleading statements to go unchallenged.

Our main problem now is that after years of pandering to minority groups and allowing decision making powers to be gradually taken out of their hands, it is now very difficult for governments to regain control. Procedures, practices and regulations which have been designed to slow down, if not frustrate, any positive action have become a monster with a life of its own. To get rid of this monster needs the equivalent of a Boris Yeltsin standing on a tank.”

Now let me tell you some things that you probably don't know about Sir Arvi.

By another remarkable set of co-incidences, in September, 1990, I was included in a team of 40 economists and advisors and sent off to Russia (Moscow and St.Petersburg, which at the time was tumultuously undergoing another name change from Leningrad).

Our challenge was to explain to the Russians how free-enterprise actually works, because it was arriving the following month.

To anyone listening, my story of how to get 500 people together, who trusted you sufficiently, to give you their money so you could float a public company to discover and develop resources with the promise of sending them dividends, was about as close to science fiction as they'd ever come.

However, the full weight of this challenge sunk in when I realized they had no property rights, no system of titles, no legal system of dispute resolution, I came as close to despair as I've ever been. We often forget how blessed Australia is with our heritage of the rule of law.

However, I tell you this story only to point out that one of the other delegates was from Estonia. A Mr Trivimi Velliste, the President of the Estonian Heritage Society.

When he heard that I was from Australia he approached me and asked if I knew a fellow Estonian by the name of Sir Arvi Parbo.

To his sheer delight I did, and he spent the next few days writing a letter, giving me the responsibility of safely delivering it to Sir Arvi's hands.

All letters in the Former Soviet Union at that time were opened, censored and quite often did not ever reach their destination.

Mr Velliste explained to me that for so many years, Sir Arvi had supported his country of birth with optimistic encouragement and constant advice on how best they should rebuild their economy which for so many years had been shattered and destroyed by Communism.

The next remarkable set of co-incidences (and I promise this will be the last of these flashes) found me in Iceland in Aug. 2005, in discussion with the Honorable Mart Laar, the twice-serving Prime Minister of Estonia, who had effectively brought in so

many successful economic reforms to the point where the Estonian economy was up to a brisk trot again.

Without permission I passed on Sir Arvi's regards and, saw his face light up like a neon sign.

At that time I was curious how Estonia had been courageous enough to introduce a Flat Rate Tax when so many countries like Australia simply talk about it, agree that it would be a good idea and then close the book on it.

Mart Laar modestly commented that his being an historian, rather than an economist, was good for Estonia as one of the first things he did on being elected Prime Minister was to ask for a good book on economics, so he could gain some ideas on how to get their stagnant economy moving.

Someone gave him a copy of *Free to Choose* by Milton & Rose Friedman (see p.294).

Among the many ideas he gained from this book was the benefits gained by instantly moving to a flat rate tax system, instead of the Marxist-Leninist system of escalating taxes that have unfortunately decimated so many western economies. I refuse to call our system of taxation 'Progressive Tax' as it's more like 'Regressive Tax'.

Former P.M., Mart Laar, modestly stated that the idea of Flat Tax was so appealing and simple he didn't realize that he was the only European pioneer to introducing such a tax.

He said that it had proved to be extremely successful. When they introduced it in 1994 at a flat rate of 26%, it enabled them to enjoy rapid economic growth and pay off Estonia's national debt. Consequently, they have reduced the rate to 21%.

Vladimir Putin's, Chief Economic Advisor, Andrei Ilarionov, also in Iceland at that time, admitted that Russia's move to a 13% flat rate tax was the best thing they had ever done and Russians were actually paying their taxes, and on time too.

Eleven countries in Europe had (in 2005) activated their economies by moving to a Flat Rate Tax system and it was like seeing a snowball in motion.

Now, as at 2009 there are 27 Flat Tax jurisdictions in the world, all in Eastern Europe except for Hong Kong, Jersey, Guernsey, Iceland, Jamaica, Trinidad and Tobago, and Mauritius.

The flat rate tax revolution is getting larger as it quickly rolls from country to country, where competition ensures that the best ideas win.

Why does Australia continue to turn its back on the benefits that would accrue from bulldozing our unwieldy and uncompetitive tax system?

I mention this story, mainly to indicate how effective a simple paperback book can be in contributing to a tax revolution in almost thirty countries.

There is a suggestion that this paperback *Free to Choose* book by Milton and Rose Friedman, was left lying around in Estonia by; Sir Arvi Parbo.

There have been so many times when I've enjoyed the benefit of Sir Arvi's wise counsel, that I'm unable to count them except that he's usually unaware that he's giving advice but he makes it more like a "thinking aloud" exercise.

Here's an example and it relates to our Australian Mining Hall of Fame.

Sir Arvi is our Senior Patron and took a lead role by making a significant initial personal donation, which set the bar very high for the rest of us to follow.

His initial words of encouragement were, "We have to explain just what the industry does for the community. This would be a very poor country if it were not for the mining industry, so we do have a great deal of good argument on our side."

Then when we were putting the fund raising team together he noticed that we were planning our approaches to companies and organizations and suggesting various ways in which they could be supportive of our project.

His advice to us was, "with great respect, I suggest that it should read ... 'or suggest other ways in which the Hall of Fame could support the Minerals Council's (and similar organizations) efforts to show the contribution and relevance of the minerals industry to Australia's future.

In my very limited experience with fundraising (but with a lot of experience in being approached for funds), people find it refreshing if you approach them on the basis of – what can we do for you to justify your support – rather than just asking them for what you want."

His friendly advice caused us to revamp our whole method of approach which became so much more effective as a result of that simple, valued input.

The Mining Hall, as you know, is a \$25M project that was set up as a gift to Australia's mining industry as a tool with which they could showcase the role the industry plays in sustaining our modern economy and lifestyles and how mining helps to populate our empty hinterland.

It is there to assist the Minerals Council, to help the AusIMM, to help AMEC, and to help APEA and all other related geology, accounting, engineering, legal organizations, contractors and individuals with a close affinity to the industry.

That gift has been made so the tool is there so please use it well, use it often and use it effectively.

We will all benefit from such constant use of these facilities.

On another occasion Sir Arvi was aware that I was becoming "hot under the collar" at some of the larger mining companies promoting the concept of the so-called "License to Operate", as I saw this as a "protection racket" to restrict new entry to mining production.

Paraphrasing his wise advice to me; was simply to "fight the issues, but not fight the people, who were usually well meaning, it's just that they had a different agenda."

On a more recent occasion I had to give a talk on the dreaded “Global Financial Crisis” and I asked Sir Arvi what his overall view on this was.

He felt that we had a lot to learn from the Roman Empire, and his comment was, “The Romans tested the integrity of their engineers by requiring them to stand under the bridges they built while the scaffolding was being removed. Today’s financial engineers not only will do their utmost not to be identified as having built the bridge but will be as far as possible from it when it is opened to traffic.”

So that brings me to point (3) on the program for today:-

### **The Global Financial Crisis**

I’m a great believer in markets, mainly because the market is a magnificent institution for conveying information.

Bill Bonner of the *Daily Reckoning* has developed his four rules covering this Financial Crisis and markets generally:

1. People do not get what they want or what they expect from the markets; they get what they deserve.
2. The force of a correction is equal and opposite to the deception that preceded it.
3. Capitalism doesn’t always take an economy where it wants to go; but it always takes an economy where it ought to be.
4. The severity of a depression is inversely correlated with government’s efforts to stop it.

Sir Arvi’s career has spanned many financial downturns (as we are now experiencing) but he always has a cheery anecdote to relieve the tension and to get problems into their correct perspective.

I recall him telling the story of the young girl at boarding school who wrote to tell her parents that things were not well.

“I am sorry to have to tell you that my dormitory and half the school burned down, but don’t worry about me because I am now living in a flat in town. Don’t worry about that either. I am being looked after – I am living with Roger the school plumber. You needn’t be concerned about this either because I am going to marry Roger – I am three months pregnant with his child.”

The next day she wrote again.

“Don’t worry about yesterday’s letter. The school didn’t burn down, I’m not living with Roger, I’m not pregnant or about to be married. The fact is I am failing in mathematics and I wanted you to get this problem into proper perspective.”

Getting this Global Financial Crisis into correct perspective is a major challenge for many of us.

I feel that the correct title for the Crisis should be “The U.S. Financial Crisis that they have successfully exported globally”.

In March, I sat through a long Global Financial Crisis Conference in New York where we analysed the causes for the crisis, in excruciating detail.

Several countries had presentations on how it was affecting each differently, also why various countries had different timetables.

I was struck by the completely different situation existing in the U.S., compared with Australia, which makes it absurd that we all rush unthinkingly to adopt identical “bailout programmes”.

In the U.S., Washington DC, is to a large extent, totally controlled and manipulated by Wall Street, whereas in Australia the Big End of Town is generally regarded by Canberra as a bit of a joke and the control strings are pulled from elsewhere.

Wall Street embeds senior people in Washington DC’s administration and they are there for one purpose only.

They were there drafting the various T.A.R.P.-bailout programs and they were there again with their outstretched buckets to collect all the relief bailout money, and ensure that none of it flowed to the productive middle-America.

The “stimulus” was not about improving economic efficiency. It was about distributing funds to favoured interest groups.

It’s pretty easy for us, over here in Perth, Western Australia, to think we are well insulated from all this financial havoc but this one is more serious than just seeing a few companies go broke.

This time we see many of the world’s sovereign governments in the process of going broke. Iceland has all but gone. Spain, Ireland, Greece and Portugal have all had their sovereign credit ratings down-graded by the ratings agencies and now the U.K. and U.S.A. have their ratings being questioned.

All these countries, in different circumstances, face challenges like property bubbles bursting, collapse of government tax revenues, banking sectors tripped up by massive bad loans.

How alarming that all their respective governments have responded to this crisis by further increasing borrowing to ruinous levels.

Britain is a country drowning in debt, without the option of generating national income from exports, as Australia can.

You can easily see the attraction of these governments using Climate Change hysteria to tax carbon (really an indirect tax on consumers). When this happens the result will be an even more rapid economic contraction. This will be our Depression’s equivalent of the 1930s Smoot-Hawley tariff legislation; exactly the wrong thing to do, done at the worst possible time.

Well how are we going in Australia?

If you can remember just over a year ago we were looking at a surplus of A\$22 billion, but now with the latest budget deficit we are looking at something like A\$72 billion as a one-year swing around in Australia's public sector finances. It's not an impressive accomplishment and I'm not sure how much will be achieved by stuffing our ceilings full of "pink batts".

I understand that Mr Andrew Johnson, the Chief Executive Officer, of the Australian Office of Financial Management (AOFM) has the job of borrowing A\$1.3 billion a week from the rest of the world.

He gave a speech in Sydney last month where he said, "If we were to continue our current pattern of bond issuance at the rate of A\$1 – A\$1.4 billion per week, this would provide A\$48 – A\$67 billion over the course of 2009." He showed a chart to prove it.

Our industry, the Minerals Industry, has the ability to be doubly useful at such a time.

This will need some change of attitude from Canberra and all State Governments (who could follow the W.A. Government's lead).

The answer is simple, as former Queensland Premier, Sir Joh (Bjelke-Petersen) used to say, "We just have to remove the dead hand of Socialism."

By discouraging mining they will get less of it, by encouraging mining they will get more of it.

When judging the causes of this Financial Crash of 2008 it's important to look beyond the popular folk-lore of greedy bankers generating new financial products that nobody understood, and this led to a "market failure."

This is only part of the story and the main underlying theme is that intervention by government in financial markets played a major part in the events that lead up to the Crash. This "government failure" should be the object of serious attention.

Government agencies did not spot it coming before market participants did. We should not, then, assume that government agencies can "correct market failure." There is a strong likelihood that financial market regulation has made matters worse and not better.

It was government regulation that forced the banks to depart from their prudent lending and allocate large volumes of loans to the poor and to people with absolutely no chance of ever repaying these debts.

This may have been to gain political popularity but it has left us with a tragic legacy.

In the wake of this Financial Crash, the choice before us is really quite simple.

We can either continue this splurge of debt-driven madness in the hope that the bubble will re-inflate and we can get a few more good years out of it, enabling us to retire and leave the mess to future generations.

Or, we can use thoughtful economic analysis to identify specific problems in financial markets and resolve them with a simple and targeted legislative framework.

It is perhaps time to restore the primacy of market discipline – backed up, if necessary, by specific legislation targeted at well-understood weaknesses.

This will preclude governments of various flavours pursuing their popularity-based “social justice” programs by manipulating bank lending policies.

We’ve no more time to spend on the Global Financial Crisis other than to close it on a slightly encouraging note ....

Australian philosopher, Samuel Gregg, Director of Research at the Acton Institute in Michigan, USA, feels there is something positive coming out of this Financial Crisis.

It’s the refocus on the importance of entrepreneurship.

He says, “As the global recession continues to shatter wealth and jobs around the world, it’s heartening to know that some people aren’t looking to governments to solve all their economic problems. From shanty-towns to developing countries to the once-mighty centres of international finance, thousands of people are turning to their greatest resource – themselves – and trying to create new streams of wealth through the power of entrepreneurial discovery.

Over the past 30 years, however entrepreneurship has received renewed attention, partly because of the immense wealth generated by information-technology breakthroughs; but also because many people realized that they had no choice but to be entrepreneurial if they wanted to escape the economic graveyards created by Communism and Socialism.

This turn to entrepreneurship, however, was not just a question of circumstances. It also reflects who we are as human beings. We need only read the Bible, Aristotle, or Austrian Economist, Joseph Schumpeter to realize that entrepreneurship is something distinctly human. Unlike animals, people possess imagination, reason, and free will. Thus we are capable of being creative and turning into reality our insights into what might be valuable to others.” *(End of quotation and he says .... Unlike animals ....)*

Now speaking of animals, we can learn a lot from the Chinese calendar, over the past three years ...

This may be a co-incidence but ...

2007 – Chinese year of the Chicken – Bird Flue Pandemic devastates part of Asia.

2008 – Chinese year of the Horse – Equine Influenza decimates Australian racing.

2009 – Chinese year of the Pig – Swine Flu Pandemic kills hundreds of pigs around the globe.

Has anyone else noticed this?

It gets worse .....

Next year,

2010 – It's the Chinese year of the Cock – what could possibly go wrong?

Now; once again what a remarkable co-incidence and on the same subject too ...

It brings us to .....

**AMEC “Rising to the Challenge” (which is also the theme for this congress):**

I enjoyed my two terms on the AMEC Board, last century, and it would be interesting to see how many of the issues we faced then resemble the issues of today.

Like today we had very effective Presidents and a great CEO in George Savell, who cemented us together like glue.

I'll mention one experience that has relevance to 2009. It was the day of our annual 30 minute allotted time slot with the State Premier (Carmen Lawrence).

In we went to her office, I think there were three of us, Derek Fisher, George Savell and myself.

We had only just sat down for tea and scones when Premier Lawrence launched her attack with something along the following lines.

“Why doesn't AMEC get its act together and join with the Chamber of Minerals & Energy, so that I only need to deal with one mining body, instead of having two separate meetings each year?”

I was a bit overawed by her aggression but not George.

He instantly responded. “Madam Premier, it's like this ...” and then he went on to explain that AMEC represents a different sector of the industry and the various reasons. He explained the difference between exploration and production in slow, measured terms so that she could understand fully the logic.

Despite the Premier's several attempts to interject, George showed her no mercy as he meticulously built the case for her spending not less time with the industry but more time with the industry and explained to her how the State would be better off for that.

She didn't stand a chance, with George being one jump ahead of her all the way.

That's what I call the “language of leadership” and I saw it at its best that day.

I mention this story as I noticed that many mining industry organizations have been approached, with a view to merging with the Minerals Council of Australia (MCA) to form one industry body. This approach has been co-ordinated by eleven of Australia's largest mining companies, withdrawing their support from many of these organizations as a plan for “rationalisation of Australia's mineral industry representation.”

This may suit some people, but it may not be in the best interests for our overall industry, or the best way of meeting our various challenges for survival and it may even be better for the overall industry to sponsor even more representative groups and I'll explain the difference between "primary" and "secondary" goals in my concluding remarks. These comments also apply to every aspect of our lives.

If we are to preserve our industry we must fully understand those who seek to dominate us, whether they are green extremists, climate extremists or the various groups of the community who preach and advance negative attitudes.

Yes, there is something seriously wrong with what's happening in this country that has allowed their ideas to gain such extraordinary influence.

In many cases, our present woes have not been imposed on us from outside; they are of our own doing.

I've seen mining executives unable to defend themselves from abuse by their teenage student children, regarding their father's involvement in the mining industry.

This presents a serious challenge.

We must shoulder our burden with our eyes firmly fixed on the future, but recognizing the realities of today, not counting on hope or wishes or any misguided concept that governments fully understand our contribution to the nation, or the benefits that will flow from encouraging policies that will result in less interference and more mining.

Let's hold clearly in our minds the productive future that would allow Australia to take its place in the modern world.

This is our responsibility as custodians of a much maligned and little understood industry, in which we have invested so much in technology, but so little in philosophy or psychology.

We need to work closely with the resource media on such a project and it's encouraging to see that Mark Fraser in recent *Gold & Minerals Gazette* issues has been effectively raising policy matters of this nature and, in particular, asking the question of "where are the leaders of Australia's mineral industry in these times of economic crisis?"

Perhaps Mark could run a regular page where he collects examples of our industry's language of leadership, collected from various Chairmen's' addresses, quarterly reports and annual reports.

How lucky these Executives are, to have the ability to communicate with so many thousands of people in this way and to have the opportunity of working with a supportive media. These opportunities to present the "productive Australia" well, should not be wasted.

I mentioned earlier how much our industry spends on technology but how little it spends on philosophy.

Writer, Ayn Rand, wrote an excellent book called *Why Businessmen Need Philosophy* and this is an excellent primer to help understand how we have been divided and conquered.

Yes, there is a need for the various mining organization to work together, to fully understand each other's role in the overall objectives.

In doing so it will become clear to us all that there is a "primary ideal" that we are all striving for, and if we have not succeeded then it is for the simple reason that we have been preoccupied in fighting for our "secondary ideals".

People from Eastern Europe understand this more than we do as they have been involved in fighting for their individual freedom and the concept of voluntary association with one another (as their primary ideal), with the idea that they would then be free to pursue their secondary ideals, once freedom was attained.

This is a concept for us to contemplate as in the industry there are dozens of different secondary ideals, this splits up various sections of the industry into different factions, according to their various secondary ideals.

Each time the subject of a "primary goal" for the overall industry comes up each of the sub-groups start talking about their "secondary goals", which, of course, are almost never the same as the other group's secondary goals.

There will be occasions when each subgroup of the industry won't have much interest in the other person's secondary ideal (nor should they if their agendas differ).

If all the current and separate mining organizations remain separate but co-ordinated their activities with some overall guiding philosophy we could be a powerful force and achieve so much more.

As a result you would find so many additional mining groups, the various drilling organizations and service organizations would come on side but the co-ordinating group needs to be almost without any ego whatsoever with practically no name and no office bearers.

You will find how effectively so many organizations along these lines work so successfully in various walks of life.

Another reason why we need to brush up on our philosophy is when I see outrageous political comments go unchallenged. In *The Australian* newspaper, May 5<sup>th</sup>, 2009 Premier Mike Rann of South Australia, made this comment in respect to the current negotiations between BHP and the Rann Government regarding proposed legislation for the rights and responsibilities of BHP at Olympic Dam.

"But just remember this: we own the resource, it is owned by the South Australian Government," Mr Rann said.

"That means we are in a very strong position."

Premier Rann raises a very interesting point about who actually owns the resource.

To infer in this fashion that BHP (formerly WMC in this case), doesn't have any ownership whatsoever of this resource is denigrating the remarkable exploration discovery process and the 30 years or so that it's taken to bring the project to its current status.

Property Rights is a central issue for our industry and I wonder if we are up to the task in defending our position against Premier Rann's comment which, as reported, sounded more like an African Dictator from the last century. This is sovereign risk!

Ladies and gentlemen there are many challenges that lie before us and I have total confidence in AMEC's ability to respond with vigour to these challenges.

However, if we leave it entirely to AMEC and the other industry organizations to take on this task, we will continue to fail.

Each of us, as executives and individuals, must understand our various industries and beliefs and learn to take part in public policy making.

We must make our views known and inform the public, so that balanced and realistic policies will result.

If we simply settle for being spectators in all this, we will continue to lose the battle.

The whole community has to be involved if Australia is to have a satisfactory future. That's our biggest challenge and it reminds me of the words of one of my favourite Austrian economists, Ludwig Mises:

“Success or failure of endeavours to substitute sound ideas for unsound will depend ultimately on the abilities and the personalities of the men who seek to achieve this task. If the right men are lacking in the hour of decision, the fate of our civilization is sealed. Even if such pioneers are available, however, their efforts will be futile if they meet with indifference and apathy on the part of their fellow citizens. The survival of civilization will be jeopardized by the misdeeds of individual dictators, .... etc. Its preservation, reconstruction and continuation, however, require the joint efforts of all men of good will.”

And that's us.

Friends; we have work to do!