



# Mining for Development Conference 2013

Sydney, Australia

## SESSION SUMMARY - OPENING KEYNOTE

### Opening Address

#### The Hon Dr Andrew Leigh MP

Australia has an obligation to share its mining experience with developing nations because history has shown that natural resources have generally failed to help poor countries grow rich.

Delivering the opening keynote address at the Mining for Development Conference 2013, the Parliamentary Secretary to the Prime Minister, the Hon. Dr Andrew Leigh MP, said the capital-intensive nature of the mining industry meant that jobs alone could not be the only way in which the benefits of a mining boom were shared across a community.

Dr Leigh said oil and mineral assets in developed nations generally raised living standards across the board, but the term 'resource curse' was coined because of the tendency for developing nations with natural resources to grow more slowly than those without natural resources.

"You all know about the so-called resource curse, and the fact that developing nations that have more natural resources tend to have lower growth rates and perform more poorly on indicators of democracy," Dr Leigh said.

"So in my view Australia has an obligation to share our mining experience with developing nations and to work with multinational organisations such as the United Nations and the Asian development Bank and the World Bank."

Dr Leigh cited Oxford economist Dr Paul Collier and his assertion that if developing countries could make better use of the natural resources the resulting fiscal flows would help societies transform themselves for the better.

"If developing countries can benefit from their minerals then the payoff will dwarf anything we might hope to deliver through foreign aid," Dr Leigh said, adding that the total mineral wealth of Africa could be as high as US\$3.5 trillion, which was more than 70 times the amount of foreign aid it received each year.

Dr Leigh also reiterated the goals of a Natural Resources Charter, created by academics and interested parties, which offered 12 principals for governments to ensure better practice in mining in developing nations.

This included a proposal that financial flows be fully transparent, and that extraction rights should always be sold by auction to make collusion difficult and ensure that final prices were close to actual worth.

A third goal was to ensure that governments in developing nations maximised the exposure of information regarding sub-surface resources by improving the quality of geological

## International Mining for Development Centre

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surveys. He said they should also require that auction winners begin prospecting within a fixed period of time to raise the sale price of neighbouring mining rights.

Dr Leigh said the global nature of the challenges of the mining sector have led the Australian Department of Resources, Energy and Tourism to partner with AusAID to share some of the lessons of the Australian mining experience, including workshops in China, India, Indonesia and Mexico.

He said Australia was also working through the Australia-Africa Partnerships Facility and other groups to establish the African Minerals Development Centre to help build capacity in governments and institutions across the continent. Australia also had a strong focus on helping the world's mining industry improve its safety record, including the Australia-China Coal Mine Safety Demonstration Project, which showcases mine safety technology and best practices.

“We don't have all the answers, but we are keen to be part of the conversation,” Dr Leigh said. “Australia is working with African government counterparts to provide technical expertise in the minerals resource sector, trade policy, public sector reform and private sector development.”

Dr Leigh reiterated Australia's ambition to be the world's biggest producer of iron ore and a major producer of coking coal, with iron ore exports now flowing at four tonnes per second. Australia also has the largest demonstrated resources of mineral sands, coal, uranium, nickel zinc and lead, and is among top six in many more.

And he repeated Treasury official Dr David Gruen's calculations that while mining and mining-related sectors constitute only a fifth of the Australian economy, they have in recent years contributed more than two thirds to Australia's economic growth. Unlike previous mining boom however inflation has remained low, along with unemployment, and policies have been reset to focus on profits rather than royalties.

“Australia stands willing and able to help other countries however we can, whether through efforts to improve the lot of indigenous communities, to ensure protection of the environment and worker safety, or to improve governance,” Dr Leigh said. “But we can achieve nothing within communication within and between the global mining and development sectors.

“With your help we can turn the old resource curse into a resource blessing, and ensure that mining boosts living standards across the globe.”

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