Rio Tinto spoke at the closing plenary of the pre-G8 summit on trade, tax and transparency, Lancaster House, London

15 June 2013

Closing plenary - Speaking points for Sam Walsh - As delivered

• Delighted to be here and honoured to join distinguished guests from all different walks of life (business, government, civil society) in this unique forum.

• We work in a number of African countries including Mozambique, Guinea, Namibia, South Africa, Cameroon, Madagascar.

• Our interest in today is motivated by sound business logic – it is in our interest to maximise the positive contribution mining makes to countries around the world. “Licence to operate”.

• After hearing the comments at the session just now, I hope you are convinced that the extractive companies here at Lancaster House ‘get it’.

• Many other mining companies who are not here today get it too, particularly the companies who are members of the International Council of Mining & Metals (ICMM). Formed in 2001 to raise standards in an industry where bad actors were letting us all down.

• And I know, from listening to a number of my colleagues just now, that many oil and gas companies are also deeply engaged in this agenda.

• Our challenge now is to expand the circle, both of companies and countries.

• We would like to see more countries signing up to implement the EITI, just as the UK and France have recently done, and the US and Australia agreed to pilot last year.

• And as I said at the extractive session earlier, good news from Canadian Prime Minister Harper earlier this week….

• A further important step on the path to a consistent global standard for extractives to report the payments they make to governments.

• It’s a step a country I know well - Australia - should look closely at, as should others with significant extractives sectors or stock exchanges such as South Africa, Mumbai, Hong Kong and Singapore.

• We want a level playing field for extractives transparency that makes the same demands on companies whether they are British, Canadian, Chinese, Russian or South African-listed.

• We want legislation for mandatory reporting which is consistent and keeps the reporting burden on business manageable. It needs to be fit for the purpose intended: to fight corruption and address accountability.

• Turning to tax more generally, we have heard a vigorous debate on tax and transparency both today, and recently through the media.

• Rio Tinto understands why people want to know the tax we pay. So, for the last three years we have voluntarily published a Taxes Paid Report. It gives details of all of the payments of
more than $1 million that we make to governments, state and local authorities, on a worldwide basis.

- We paid $11.6 billion of taxes globally in 2012, including $1.9 billion employee payroll taxes.
- Our total underlying tax charge for 2012 represents 44% of our underlying profit before tax.
- We believe other companies could do the same, whether or not they are required to by legislation. It’s good to see that more of them are, not just extractives. Last week, Vodafone published an excellent report of the taxes they pay by country.
- But what’s important to remember in the tax debate is that companies are accountable to the national tax authorities. Those authorities apply laws which are laid down by governments and parliaments, who in turn are accountable to their voters.
- We need to keep that line of accountability clear. Civil society shouldn’t be undermining the role of those authorities, by making guesses as to what the ‘right’ or a ‘fair’ amount of tax should be. They should be engaging in the wider national debate on tax and investment policy – and preferably doing so in an informed way which results in policies which encourage businesses to invest and generate growth and jobs.
- One of the root causes of a low tax base in developing countries is a lack of a capacity at the level of tax authorities. Businesses have experience as tax payers that we can share to make tax administrations more effective. We have worked recently with tax departments in Colombia, Mongolia and Guinea to build their understanding of the mining sector and their ability to tax it effectively. We are committed to continuing to do so.
- Finally, I want to underline that while having more data through greater transparency is important, in itself it is not the answer.
- Making the most of a country’s natural resource endowments requires much wider good governance and good regulation. And it requires good investment policies and regional development planning.
- To achieve this requires effort, preferably government-led, to build a mutual understanding of the positives and negatives of extractive investment.
- That includes extractives’ impact on use of land. Although a mining company’s land – and water – footprint is not as significant as that of agricultural commodities, we take our land stewardship seriously. Indeed we often work hand in hand with farmers, such as to enhance hay production around our iron ore mines in the Pilbara in Western Australia. We believe that Voluntary Guidelines on land are as applicable to our sector as they are to agriculture.
- At the very heart of all of this, I believe, is engaging and listening to the many perspectives.
- The G8 partnerships launched today will be an excellent stimulus to making this happen.
- I commend the British Government, the Prime Minister, the Deputy Prime Minister and the Heads of State and Government present here today for their leadership on what are hard issues. You have my personal commitment and the support of Rio Tinto in your efforts.