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MINING POLICY REFORM – IS GOI WILLING TO PAY THE PRICE FOR MORE REVENUE FROM THE MINING INDUSTRY?[1][2][3][4][5]

INTRODUCTION

The Government has indicated it intends to collect 50% more revenue from the mining industry in 2015 than it did in 2014. This is one of the means by which the Government hopes to be able to overcome the decline in Government revenue from the oil & gas industry as a result of falling oil prices.

The dramatic increase, in projected Government revenue collection from the mining industry, is meant to be achieved through a combination of higher royalties on mineral products and more rigorous collection of royalties and taxes from mineral producers. Neither of these strategies, however, stands much chance of actually delivering the additional revenue the Government is looking for.

A more realistic strategy for the Government to pursue, in trying to increase its revenue collection from the mining industry, would be to encourage more mining activity in Indonesia. Properly managed, more mining activity should enable the Government to increase its revenue collection from the mining industry while leaving royalty rates for mineral products unchanged.

In the absence of a sustained improvement in mineral commodity prices, however, any material increase in local mining activity will require the Government to, first, introduce much improved mining industry policies. The, as yet, unresolved question is whether or not the Government is willing to pay the price for more mining industry activity and, hence, for more revenue from the mining industry by introducing much improved mining industry policies.

The current state of Indonesia's mining industry policies amply demonstrates the inherent truth of the old notion that good economic times allow governments to adopt bad policies while bad economic times force governments to adopt good policies.

It is surely time for the Government to recognize, at least privately, that Indonesia's current, sub-optimal mining industry policies are a legacy of the last mineral commodities boom when high mineral commodity prices and the resulting high mineral producer profits meant it was possible for the Government to justify the adoption of sub-optimal mining industry policies on the basis that the mining industry needed to make a much greater contribution, than previously, to the country's

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[5] This article appeared in the April-May 2015 issue of Coal Asia Magazine.

economic development. For better or worse, though, these boom times are now very much a thing of the past and, consequently, sub-optimal mining industry policies are no longer a luxury that Indonesia can afford. Correspondingly, mineral producers are no longer willing to just accept the continuation of sub-optimal mining industry policies so that they can keep operating in a now much less profitable environment.

In this article, the writer will seek to outline how the current, very challenging budgetary conditions the Government is facing may actually be good news for the local mining industry and for foreign investors in the local mining industry because of the potential these challenging budgetary conditions have to compel the Government to rethink many of the sub-optimal policies which are preventing more mining activity from taking place in the absence of any improvement in mineral commodity prices.

BACKGROUND

It has finally dawned on the Government that the dramatic fall in world oil prices, over the past 12 months, is not an unqualifiedly good thing for Indonesia. Although falling world oil prices have certainly enabled the Government to greatly reduce fuel subsidies without raising domestic fuel prices, falling oil prices also pose a serious threat to Government revenue given Indonesia continues to be a significant oil & gas producer and the Government receives the "lion's share" of the proceeds from the sale of local oil & gas production. Waking up, at last, to the fact that falling world oil prices are, at best, very much a mixed blessing only for Indonesia, the Government now needs to find alternative sources of revenue to overcome its declining revenue from local oil & gas production.

The problem is a particularly serious one for the Government given it has already committed itself to a huge infrastructure development program involving expenditure of US$490 billion over the next few years. This infrastructure development program is at the heart of the Government's much touted goal of achieving 7% annual GDP growth for Indonesia as a means of dealing with the country's chronic problem of unemployment and under-employment.

Funding for this increase in infrastructure spending was meant to come from savings as a result of the much reduced fuel subsidy. These "savings" are, however, now in real danger of being almost wholly offset by the projected decline in the value of the Government's share of oil & gas sales proceeds.

COMMENTARY

1. <u>The Government's Dilemma</u>

The Government faces the dilemma of how to overcome the decline in its projected revenue from the oil & gas industry so that it can move forward with its infrastructure development program and thereby deliver on its promise of much reduced unemployment and under-employment through 7% annual GDP growth. Put simply, if the Government cannot make up, from other sources, the shortfall in projected revenue from the oil & gas industry, there will be no, or at least only a much reduced, infrastructure development program and, without the infrastructure development program, there will be no 7% annual GDP growth, meaning the Government's promise of much reduced unemployment and under-employment cannot be delivered on.

The threat which falling Government revenue poses for the realization of the Government's infrastructure development program and, hence, for 7% annual GDP growth has been highlighted by the World Bank. The World Bank's lead economist for Indonesia, Ndiame Diop, was recently quoted in the 19 March 2015 edition of *The Jakarta Post* as having said, during the release of the World Bank's latest quarterly economic report on Indonesia entitled "High Expectations" (no doubt intended as a polite euphemism for "Wholly Unrealistic Expectations"!!):

> "*The full implementation of the spending plan is really challenged by this revenue shortfall.*"

The Government has not been shy in making it clear that it "expects" ("desperately hopes" might be a more accurate term) to use increased revenue collection from the mining industry as one of the principal means of offsetting the projected decline in the Government's share of oil & gas sales proceeds. The proposed revision to the 2015 State Budget includes a projected increase of nearly 50% in Government revenue collection, to RP52.2 trillion, from the local mining industry in 2015 compared to the Rp35.4 trillion in Government revenue collected, from the local mining industry, in 2014.

Many people, including the writer, question how realistic it is for the Government to increase, by nearly 50%, its revenue from the local mining industry given the current parlous state of that industry. Indeed, the World Bank has already highlighted, in the above mentioned quarterly economic report, its own concerns about the Government's revenue projections. These concerns were summarized in the 19 March 2015 edition of *The Jakarta Post* as follows:

> "*Indonesia could fall victim to its unrealistic and overly ambitious tax collection target, and the government's frantic and quick-fix approach to boost state revenue could also backfire in the medium-term, the latest World Bank report on Indonesia reveals*."

The downside, political risk for the Government, of not meeting, so early in its first term, the heavily promoted key GDP growth target of 7%, was highlighted by the chairman of the DPR Budget Committee, Ahmadi Noor Supit, who is quoted in the 10 April 2015 edition of *The Jakarta Post* as having said:

> *"Once the tax revenue target is not met, public trust in the Government will decline."*

2. **<u>Available Alternatives</u>**

In the absence of any sustained improvement in mineral commodity prices, the Government has three broad strategic options open to it in trying to generate 50% more revenue from the mining industry being:

(a) increase the rate of royalties and taxes payable by mineral producers ("**Option 1**");

(b) achieve greater efficiency and effectiveness in collecting royalties and taxes due from mineral producers ("**Option 2**"); and

(c) encourage more mining activity through the adoption of improved mining industry policies (“**Option 3**”).

Options 1, 2 and 3 are, of course, not mutually exclusive and, accordingly, some combination of Options 1, 2 and 3 is also possible.

3. <u>Government’s Preferred Alternative</u>

3.1 **Overview**: It is, perhaps, not altogether surprising that the Government has shown a strong initial preference for Options 1 and 2, saying little publicly, at least until recently, about Option 3. In this regard, the outgoing Director General of Minerals & Coal (“**DGoMC**”), Dr. Sukhyar, was quoted in the 5 February 2015 edition of *The Jakarta Post* as having said:

> *“The income will mostly come from the coal sector but the mineral sector is also expected to give a higher contribution.”*

Dr. Sukhyar has indicated that the projected, huge increase in 2015 Government revenue from the mining industry will be achieved through a combination of (i) higher coal royalties of 7%, 9% and 13.5% for low CV coal, mid level CV coal and high CV coal respectively and (ii) more stringent supervision of the reporting of and payment of applicable taxes on sales income by mineral producers as a result of increased KPK involvement.

The increased royalty rates payable by IUP coal producers are meant to take effect as of 1 April.

At the same time, and as part of the long running CoW renegotiations, the Government has been seeking significant increases in the royalty rates payable by CoW holders in respect of metal minerals. It must be anticipated that the pressure on CoW holders, to accept significant increases in royalty rates, will only grow stronger once the CoW renegotiations resume, for all CoW holders, in 2015.

The increased KPK involvement centres around monitoring activities conducted by the KPK in mineral rich provinces. It was reported in the 5 February 2015 edition of *The Jakarta Post* that this KPK monitoring activity would be further expanded in 2015 from 12 provinces in 2014, with the KPK’s officer in charge of supervision of the mineral and coal sector, Dian Patria, being quoted as having said:

> “*The KPK is now moving to widen the monitoring coverage to 19 provinces*.”

3.2 **Assessment**: The writer sees little chance of Options 1 and 2 delivering anything like the near 50% increase in revenue from the mining industry that the Government is projecting.

In the case of Option 1, the financial capacity of mineral producers to pay much increased royalty rates and thereby accept further reduced levels of net profit, on mineral product sales, must be seriously questioned given mineral producers are already:

(a) experiencing very difficult financial conditions due to low mineral commodity prices;

(b) laying off workers;

(c) “mothballing” high cost mines; and

(d) postponing all non-essential capital and operating expenditures.

According to the Directorate General of Minerals & Coal’s own figures and as reported in *The Jakarta Post* on 13 April 2015. Coal production has actually dropped by 21% in the first three months of 2015 compared to the same period of 2014. This hardly looks like the profile of an industry ready and able to pay much increased coal royalties.

With regard to Option 2, the more efficient and effective collection of taxes due is also difficult to achieve as it requires the Government to:

(a) overcome the problem of illegal mineral product exports, something which is simply not possible while so long as the Government has so little practical control, at the provincial and regional level, over how, where and when mineral product exports occur;

(b) confront large, locally owned mining companies, with strong political influence through the political party connections of their owners, something which the Government is not likely to be able or willing to do given its current minority position in the DPR; and

(c) make good on its threat to shut down the operations and/or suspend or cancel the IUPs and registered exporter status of mining companies with large unpaid royalty obligations, something the Government has repeatedly threatened but, time and again, backed away from, at the last moment, due to the inevitable, short term, adverse consequences for employment and local community well being.

Increasing royalty rates for mineral products is, indeed, only likely to worsen the problem of illegal mineral exports as more and more, financially challenged mineral producers simply opt out altogether or, at least, to an even greater extent than they have already from the royalty payment system by illegally exporting ever larger percentages of their production. Readers interested in understanding the magnitude of Indonesia’s illegal mineral export problem and why the Government has had so little success in addressing the same are referred to the writer’s earlier article “*Measures to Stop Illegal Mineral & Coal Exports – A Probable Triumph of Form over Substance*” which appeared in the July – August 2014 edition of Coal Asia Magazine.

The DPR Budget Committee is, itself, becoming increasingly skeptical of the Government’s ability to even collect as much tax revenue, in 2015, as it did in 2014 pointing out that tax collections in the first quarter of 2015 were actually 15% less than in the same period of 2014. Using very direct language, the DPR Budget Committee chairman was, again, quoted in the 10

April 2015 edition of *The Jakarta Post* as describing the country's taxation office head as:

> *"..someone who promises many things but achieves little."*

The chairman of the DPR Budget Committee, apparently, then went on to say that:

> *"we [the DPR Budget Committee] will soon summon the director general of the tax office so that he can prove he is not just a big mouth."*

Although the DPR Budget Committee chairman was expressing his concerns about the achievability of the Government's tax collection targets overall and not just in respect of the mining industry, the mining industry is clearly one area where the 2015 tax collection target is going to be particularly hard to achieve.

Notwithstanding there is little chance of Options 1 and 2 being successful, increasing royalty rates on mineral products and seeking to stamp out tax avoidance in the local mining industry are, nevertheless, intuitively appealing to the Government for two reasons. First, pursuing Options 1 and 2 avoids the need to acknowledge, for the moment anyway, that many of the current mining industry policies are seriously deficient if not outright wrong, something which no government likes to do. Second, Options 1 and 2 are consistent with the Indonesia's 2011 Energy Security Policy which highlighted the belief of the last Government that (i) Indonesia did not get its "fair" share of the net profits derived by mineral producers during the last commodities boom and this should never be allowed to happen again and (ii) mineral producers must be made to contribute more, than they have done in the past, to Indonesia's economic development. It is doubtful whether the current Government has a substantially different, philosophical view to the last Government on these issues.

Unfortunately, however, for the current Government it has to deal with a much less favorable budgetary situation than that faced by the last Government. Further, even if there might have been some truth in the last Government's complaints about the mining industry, the excessive profitability or otherwise of the Indonesian mining industry, during the last commodities boom, is simply irrelevant in determining what level of royalties mineral producers can afford to pay in 2015, something which is wholly dictated by the current profitability or, rather, the current lack of profitability of the Indonesian mining industry. The excess mining industry profits, if any, of past years have, in most cases, surely long since been spent or distributed to shareholders who are not likely to be willing, at this time, to inject additional capital just so their mining companies can fund the payment of higher royalties.

4. <u>Encouraging More Mining Activity</u>

4.1 **Option 3 as the Only Viable Alternative**: If and when Options 1 and 2 fail to deliver the mining industry revenue increases the Government is relying upon, Option 3 becomes the only viable alternative for the Government while so long as (i) the Government continues to see the mining industry as having the greatest potential to make up for the loss of Government revenue as a result of declining oil prices and (ii) mineral commodity prices do not show a sustained rebound.

Option 3 involves the least pain for mining companies and, perhaps more importantly from the Government's perspective, for mine workers and local communities as well. Government efforts to encourage more mining activity would, undoubtedly, be well received in those provinces and regencies hard hit by mine closures and mine worker layoffs as well as by reduced, day to day, local, operating expenditure of mining companies.

4.2 **Need for a Cover Story**: To be "politically" viable at the national level, however, Option 3 requires the Government to develop a convincing "cover story" which minimizes the required acknowledgment of past policy mistakes and provides a credible explanation of why the Government is moving away from the "let's get tough with the mining industry" stance of the last few years without suggesting that the Government is caving into pressure from the local mining industry or, even worse, from foreign investors in the local mining industry. In other words, the required "cover story" has to be consistent with the idea that rethinking the current sub-optimal mining industry policies will actually deliver more benefit to Indonesia and Indonesians as a whole than it will to the local mining industry or to foreign investors in the local mining industry. Anything else, is likely to be impossibly difficult to "sell" to the Indonesian public given the effort all the major, political parties have made, over the past couple of years, to convince the Indonesian public that Indonesia and Indonesians as a whole have not been getting their "fair share" (whatever that may mean!!) of the economic benefits generated by the mining industry.

A plausible "cover story", justifying the Government's belated adoption of Option 3, might be developed along the following lines:

(a) Options 1 and 2 have proved unsuccessful in producing the previously expected revenue increases from the mining industry despite the Government's best efforts in this regard;

(b) encouraging more mining activity is now the only practical way for the Government to generate substantial additional revenue from the mining industry in the absence of any sustained improvement in mineral commodity prices;

(c) generating more revenue from the mining industry will make possible the funding of infrastructure development on the large scale originally proposed by the Government;

(d) large scale infrastructure development can deliver an annual GDP growth rate of 7%;

(e) all Indonesians will benefit from the improved employment opportunities that result from 7% annual GDP growth; and

(f) indirectly, it is only the local mining industry than can make these improved employment opportunities, for all Indonesians, a reality; but

(g) increased mining activity requires temporary changes in existing mining industry policies so as to properly reflect the current state of mineral commodity prices.

5. **<u>Some Promising Signs</u>**

5.1 **Last Government's Belated Efforts**: Although many observers may regard it as implausible the Government will embrace Option 3, the reality is that we have already started to see some improvement in mining industry policies.

Even the last Government, which was the architect and originator of most of the current, sub-optimal mining industry policies, clearly recognized, by the end of its time in office, that mining industry policies had to change. Accordingly, in its final days, the last Government (i) substantially eliminated the role of the regional governments in determination of mining areas and the licensing of mining projects with the passage of the Provincial Administration Law of 2014 ("**PA Law**") and (ii) introduced more flexible divestiture requirements, enabling the indefinite continuation of majority foreign ownership of mining projects in certain situations deemed beneficial to Indonesia, through the issuance of Government Regulation No. 77 of 2014 re Third Amendment of Government Regulation No. 23 of 2010 re Implementation of Mining & Coal Mining Enterprise Activities ("**GR 77/2014**"). Readers, interested in knowing more about the PA Law and GR 77/2014, are referred to the writer's earlier articles on these issues being (i) "*Possible End to Regional Autonomy in Energy, Mining and Oil & Gas – Has the Beast been Finally Tamed?,* Coal Asia Magazine November–December 2014, Petromindo and (ii) "*Clarification of Divestiture Rules – Confirmation of a Rake's Progress",* Coal Asia Magazine December 2014 – January 2015, Petromindo.

5.2 **Current Government Thinking**: There are also signs that the current Government, in office for little more than 6 months, appreciates that the existing, sub-optimal mining industry policies are simply unsustainable. In this regard, the writer was very interested to see Said Didu, the head of the Government's own advisory team on smelter development, recently propose the removal, at least for the next few years, of the ban on the export of unprocessed bauxite as a way to help bauxite producers raise fresh funds in order to eventually finance the construction of bauxite smelters, many of which smelter projects have stalled, according to Said Didu, because of "financial problems" (see 24 March 2015 edition of *The Jakarta Post*).

The significance of Said Didu's comments is at least threefold. First, while many in the private sector have long questioned the economics of smelter development and whether or not smelter development really makes sense as an objective for Indonesia to be pursuing, we are now seeing people within the Government itself publicly questioning the wisdom of continuing with a key aspect of the regulatory regime for promoting smelter development, at least in the case of certain metal minerals and on a temporary basis. Second, "financial problems of smelter projects" might be readily interpreted, by some cynical observers, as just "code" for "bauxite smelter projects that are uneconomic and, therefore, not capable of obtaining or supporting commercial financing on arms' length terms", something which the Government has never, previously, been willing to accept as a legitimate ground for relieving bauxite producers (or any other metal mineral producers) of their domestic processing and refining obligations. Third, Said Didu is widely believed to be one of the leading candidates to succeed Dr. Sukhyar as

DGoMC when he retires later this month. If and when he becomes DGoMC, Said Didu will have a key role in shaping the Government's mining industry policies and any changes to those policies.

Although it is true that Said Didu was (i) supposedly, merely advocating the temporary postponement of full domestic processing and refining for bauxite only and (ii) careful to say that, in order to benefit from any temporary lifting of the export ban on unprocessed bauxite, bauxite producers would have to show a tangible commitment to eventually building smelters, the very public floating of the idea that the export ban should be reconsidered may be seen as indicative of a fundamental rethinking of one of those sub-optimal mining policies that, unquestionably, has had a huge influence in discouraging mining industry activity and foreign investment in the mining industry.

The belated recognition of mineral producer "financial problems" and why this might justify a temporary relaxation of the export ban is surely just as applicable to copper producers, iron ore producers, manganese producers and nickel producers as it is to bauxite producers. If the Government is thinking seriously about the "financial problems" of bauxite producers being recognized as a valid justification for the deferral of full implementation of the domestic processing and refining obligation, then it can only be supposed the Government is already starting or will, in due course, start to think along similar lines in the case of producers of other metal minerals as well. If the Government does not do so, then there can be little doubt that producers of other metal minerals will quickly begin, very vocally, demanding the same consideration as some in the Government may now be willing to show to bauxite producers. Said Didu's comments may be seen as an early and tentative step in developing the all important "cover story" for a change in mining industry policies.

6. <u>**Managing Expectations**</u>

6.1 **Understanding What is Realistic**: Even accepting the inevitability of the Government turning, by default and perhaps reluctantly, to Option 3 once Options 1 and 2 are shown to be impractical and unrealistic, it is important to understand the very real limitations the Government will face in changing the current, sub-optimal mining policies. Accordingly, the mining industry and foreign investors in the mining industry have to be realistic about:

(a) what the Government can do, politically, to change the current, sub-optimal mining policies;

(b) how quickly the Government can make the necessary changes to the current, sub-optimal mining policies; and

(c) what form the any resulting changes, to the current, sub-optimal mining policies, are likely to look like.

6.2 **Form vs Substance**: Much as one might like to think otherwise, the Government is never going to publicly acknowledge the substantial failure of policies such as divestiture, domestic processing & refining and regional autonomy to deliver the benefits originally looked for from the same. Accordingly, it must be expected that the **official** Government position will continue to be:

(a) resource nationalist **in tone**;

(b) majority Indonesian ownership of mining projects is to be **encouraged**;

(c) domestic processing & refining and local smelter development remain the **medium - long term objective**; and

(d) regional government involvement in and support of the WP determination and IUP issuance **is desirable under the right conditions**.

It is often hard, for foreign investors in particular, to disregard **the official terms** in which mining industry policies are presented by the Government and focus, instead, on how those same mining industry policies **are being applied in practice**. Domestic investors, by contrast, are more used to working with ambiguity and nuance. "Grey", rather than "black and white", will definitely be the colors or shades preferred by the Government in trying to back away from mining industry policies that have proven to be inconvenient or ineffective while still maintaining an official and public stance in favor those same mining industry policies in the interests of meeting community aspirations and expectations. Accordingly, as domestic and foreign investors wait to see whether or not Option 3 becomes the Government's default strategy, in realizing its objective of generating substantially more revenue from the mining industry going forward, it will be important to focus on what is actually happening in practice rather than just on the Government's rhetoric which is unlikely to change.

6.3 **The Timing Problem**: Timing is also a critical concern in the sense of how quickly domestic and foreign investors can realistically expect to see a significant improvement in mining industry policies as the Government is increasingly forced, by the incessant pressure of its own budgetary constraints and the need to get on with the promised infrastructure development program, to rethink the current, sub-optimal mining industry policies and go with Option 3.

The Government will, first, need to develop and, more importantly, socialize its "cover story" so that it does not seem as though the Government is moving too far away from the resource nationalist agenda that the last Government worked so hard to promote and the unintended, adverse consequences of which resource nationalist agenda the current Government is now left to deal with as best it can. This socialization process is not likely to be completed quickly as, for better or worse, Indonesia is now simply too far down the path of resource nationalism to suddenly move in a different direction without serious political fallout for the promoters of the different direction.

The probable delay in reforming current, sub-optimal mining industry policies creates the risk that domestic and foreign investors may have to put up with the current polices for some time to come and then only enjoy incremental relief, on an intermittent installment basis, as the Government gradually moves towards full acceptance of Option 3 as the one viable alternative.

Unfortunately, as the internationally renowned economist, John Keynes, once supposedly noted about government policy:

> "It is only the short term that really matters because, in the long term, we are all dead."

Hopefully, the Government will accept the inevitability of Option 3 and make the much needed changes to the current, sub-optimal mining industry policies before all or most of the domestic and foreign investors in the local mining industry reach their "end" financially if not literally.

6.4 **The Great Unknown**: Option 3 may yet fail to materialize if mineral commodity prices start to show a consistent improvement. Although improving mineral commodity prices would, understandably, be welcomed "with open arms" by all of Indonesia's mineral producers, improving mineral commodity prices will, likely, cause an increase in mining activity in its own right. This would, inevitably, take the pressure off the Government to address the current, sub-optimal mining industry policies and thereby enable the Government to, possibly, realize its increased revenue projections for the mining industry without having to make the hard choices and pay the high price Option 3 will otherwise surely extract from the Government in the absence of a sustained improvement in mineral commodity prices. Accordingly, parties interested in seeing the development of a healthy and sustainable Indonesian mining industry in the long term might, somewhat counter-intuitively, hope that the current low level of mineral commodity prices actually continues for a while longer and at least until the Government is forced, by its own budgetary imperatives, to embrace Option 3 as its last hope of achieving a meaningful increase in the Government's mining industry revenue in the near term.

SUMMARY AND CONCLUSIONS

The hole in the 2015 State budget, created by falling oil prices and the consequent decline in the Government's revenue from the oil & gas industry, has caused the Government to focus its efforts on dramatically increasing its revenue from the mining industry.

Understandably, many if not all domestic and foreign investors in the local mining industry are appalled at the idea of the Government committing itself to collecting nearly 50% more revenue from the mining industry in 2015 than it did in 2014. At a time when the local mining industry is already experiencing very difficult financial conditions, it hardly seems credible the Government can seriously imagine large increases in royalty rates and rigorous collection of royalties and taxes past due will be ultimately successful in delivering the revenue increases the Government is looking for.

It may be, however, that once these short term strategies are shown to be unworkable, the Government will be forced to look seriously at trying to raise more revenue from the mining industry, on the basis of the same royalty rates, by increasing mining activity. Increased mining activity is only possible, though, if the Government recognizes the need to change the current, sub-optimal mining industry policies that, along with low commodity prices, are discouraging mining activity by both domestic and foreign investors. Accordingly, it could be that a continuation of low oil prices, and the consequent budgetary problems these low oil prices cause the Government, is the best possible news for the local mining industry as the same will compel the Government to address the deficiencies of the current mining industry policies as the only means of increasing mining activity and, hence, the Government's revenue from the mining industry in the absence of any sustained improvement in mineral commodity prices.

It remains unclear (i) whether or not the Government is politically willing and able to pay the price for increased mining activity in the absence of improving mineral commodity prices and (ii) even if it is so willing and able, how long domestic and foreign investors will have to wait for substantive improvement, in the current sub-optimal mining industry policies, to occur. Self-evidently, there will be little satisfaction to be had if this improvement only occurs in the long run when, as Keynes so perceptively remarked, "we are all dead".

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