



THE MELBOURNE MINING CLUB LUNCHEON

1st May, 2007

Leigh Clifford – formally CEO Rio Tinto Limited
Topic: Changes I Have Seen



In front of a 520-strong crowd at the Melbourne Town Hall Rio Tinto's former chief Leigh Clifford has warned of the threat of China as a competitor and backed the rise of nuclear power in his farewell speech to the Melbourne Mining Club. A day after relinquishing the top job to American Tom Albanese, the widely respected industry heavyweight yesterday gave a precis of his 37-year career with Rio - but admitted to the group of CRA veterans sitting on his table that he had not bothered to check the commodity prices on his first day out of the job.



Mr Clifford said China's phenomenal growth, the source of the resources boom, had caught everyone – including the Chinese by surprise. He said that it was important to recognise that China was more than just a market, it was a competitor, "We've got to recognise when optimism is soaring, China is going to be ultimately competing with a number of our industries, especially metals," he said. Clifford also warned of the rise of "national champions" - companies from countries that had previously rebuffed private enterprise. "We've got new producers in Asia, Africa and South America and I suggest to you that they're going to pose a real threat to Australia's mineral exporters in the long term." Rio has so far avoided the wave of industry consolidation, but Mr Clifford predicted the trend in mergers and acquisitions would continue - and rightly so. "Size matters in our business. (It) certainly registers with international investors and frankly some of the bigger projects now require a pretty substantial balance sheet," he said. Clifford also went on to speculate that private equity would show increasing interest in the mining industry.

Never one to withhold his views, Mr Clifford expressed his disregard for Labor's industrial relations policy and also weighed into the highly emotive debate on nuclear energy. He said climate change was a global issue that needed global solutions. "I think it is reasonable to expect that the industry can produce uranium safely and ultimately generate power safely," he said. Whilst today's speech was touted as his swan song to the industry, one cannot help but indeed wonder whether he will withdraw quietly into retirement. And to be honest, considering his stellar career, intellect and passion, let's hope he doesn't.



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