

Rinehart Sounds Red Tape Warning

Jarrold Lucas - Kalgoorlie Miner on June 24, 2016

Billionaire mining magnate Gina Rinehart has warned government red tape continues to stifle the resources industry, amid signs sentiment is starting to turn after several bleak years.

The Hancock Prospecting and Roy Hill Holdings chairwoman has called on Federal and State authorities to “significantly and urgently cut” government-imposed regulations.

Ms Rinehart said the cost burdens placed on Australia’s resources industry is hurting the country’s international competitiveness and would negatively affect “our standards of living”.

“How does Australia achieve the next mega-project after Roy Hill if no one is willing to invest money, go through the many risks we did, and contend with the more than 4000 permits, approvals and licences required, even before construction?” she said.

“It simply does not help the many related industries and businesses involved in the mining industry.

“This can be seen from the record of our declining exploration and declining investment in resources projects.”

Ms Rinehart made the comments as part of the release of the Mining Business Outlook Report by Newport Consulting.

The report, conducted annually since 2010, canvasses the views of 50 Australian mining leaders and draws on in-depth interviews held between February and May.

According to the report, for the first time in three years the mining industry is showing signs of confidence with a more upbeat outlook projected for the next 12 months.

Of the executives surveyed, 43 per cent were optimistic about their prospects for the year ahead, which was up significantly from 2014 when confidence hit an all-time low.

The gap is closing between mining leaders who are not optimistic, which has dramatically fallen from 93 per cent to 55 per cent this year.

Leaders who are more upbeat and confident increased from below 10 per cent to 43 per cent.

The report found a number of indicators pointing towards an industry revival, including increases in capital expenditure, with 27 per cent of companies either planning to moderately or significantly increase capital expenditure in the next 12 months.

Of those leaders, 31 per cent plan to increase spend by up to 15 per cent.

The number of companies cutting staff decreased significantly from 80 to 44 per cent for the year ahead.

Nearly one-quarter of leaders interviewed warned the Government that it needs to urgently address certain regulations and red tape, particularly the project approval process.

Newport Consulting managing director David Hand said it was timely ahead of next month's Federal election.

"This is the first time in three years that the industry is clearly showing signs of a revival — not just a flicker of life but a distinct positive shift in sentiment and outlook," he said.

“Companies are spending again, have more confidence in stabilisation of prices, and have prioritised growth strategies.

“It’s a fine line, however as at the same time, the industry wants to see government take a proactive stance in reducing red tape, especially surrounding mining and project approval processes, which are seen to hamper growth and Australia’s ability to return to a more competitive position globally.”

Leaders are challenged by commodity pricing and global economic conditions (28 per cent), profitability and cash flow (25 per cent), productivity (21 per cent), staff retention (9 per cent) and raising capital (7 per cent).