We can't afford big government

Australia must confront a growing problem, writes Gina Rinehart

The most significant issue that is being overlooked in the federal election campaign is the increasing size of both levels of government in Australia, and the very high cost of their approvals, permits, licences and compliance.

Despite the Australian economy benefiting from the strong commodity prices of the past decade, record government debts were created, partly due to increasing government size and the cost of increasing regulation and compliance burdens.

Australia must act more urgently in this commodity prices crash to significantly cut the costs of doing business to ensure that we stay competitive internationally, and protect the living standards that we enjoy today. Yet there is one giant cost slab that isn’t decreasing government.

According to the International Monetary Fund, Australia has the fastest growth in government spending among 17 comparable countries and the third highest growth in net government debt among 17 comparable countries. Based on the IPA’s calculations, government red tape is Australia’s largest industry.

Look at what India is doing under Prime Minister Narendra Modi — cutting federal government tape. India doubled its economic growth in Modi’s first year in office, raising living standards and bringing some of its population out of poverty. Modi continues to cut more government tape, bringing further benefits to India’s people.

The decline in investment in Australia is plainly true but what is not properly understood are the consequences: fewer jobs, less revenue, less ability to maintain or improve living standards.

The Roy Hill Project provides a telling example of the negative burden of red tape. One of the major challenges has been the multitudinous government approvals, permits and licences. Pre-construction, more than 4000 approvals, permits and licences were required. More were required for construction.

All of the red tape accounts for enormous hours of additional work and added considerable costs. Australia’s small businesses, our country’s largest employer group, are also being affected by red tape.

The resources sector has made an enormous contribution to the Australian economy. Australian Department of Industry figures show that in 2014-15 the Australian resources industry contributed export earnings of $172 billion and is projected to reach $208 billion (in 2015-16 dollar terms) by 2020-21.

Deloitte Access Economics estimates the resources industry contributed about $165 billion in company tax and royalties to Australian government between 2004-05 and 2014-15.

Where would Australia be without such a massive contribution? There’d be less money for our hospitals, our elderly, Australians who are disabled and unable to work, our police, our very defence.

In 2015 the Australian resources industry directly employed more than 225,000 people, and the sector’s workforce is still more than twice the size it was before the mining boom.

However, none of these figures take into account the much larger number of jobs and part-time jobs or the revenue generated by the related industries that service the resources industry, which in themselves are a major contributor to the Australian economy.

Take, for instance the dongas used in the mining industry. These provide jobs for truckies to get them on site, jobs for plumbers and electricians and labourers to install them on site, jobs for interior design companies to arrange the curtains and other soft furnishings, and work for companies that sell things such as chairs, beds, tiles, taps, basins, bed linen, towels, TVs, lights and more. Then there are jobs for maintenance, cleaning, moving and more.

In order to ensure that all indus-
try can continue to grow and compete internationally, business leaders and others interested in the future of Australia need to speak out for reductions in government red tape and compliances.

We should take every opportunity to help to do something about it to ensure that this significant issue is prominent in the public domain and politicians are more aware and encouraged, if elected, to take urgent action.

If India, with its long history of excessive government burdens and notorious red tape, can do it, why can’t Australia?

**There is one giant cost slab that isn’t decreasing: government.**
Gina Rinehart (at top of stairs) with workers at the Roy Hill Project in Western Australia's Pilbara region.