



A friend asked me why I bothered to write this book. I did so because I felt that Australia is facing difficult times, and needs business people to clearly speak up – business people who recognise that Australia is in record debt, so shouldn't be asking the government to put its hand in our pockets to bail their companies out.

# From Red Tape to Red Carpet... and then some

EXCERPT FROM GINA RINEHART'S SPEECH AT THE LAUNCH OF HER LATEST BOOK

**U**nless state and federal governments urgently and significantly reduce their regulatory burdens and get far better control of their spending, we risk turning into another Greece. It's not sustainable to continue on this path, particularly as revenue is down, our crucial export commodity prices are very soft, and we are moving towards a larger proportion of elderly people in our country, meaning a smaller workforce and more people requiring seniors' support.

I wrote this book because I have the honour of being among Prime Minister Modi of India's many admirers and friends, and this book echoes his mantra, 'from red tape to red carpet', with which he is courageously and successfully leading his country.

Highly successfully, in fact; in less than a year in office, he has achieved regulatory cuts; cuts to approvals, permits and licences compliance reductions, and has consequently almost doubled India's economic growth. He has enabled his country to enjoy the highest economic growth in the world today.

Why doesn't our country have the sense to do similarly?

We've cut regulations where child care and charities are concerned; apparently these account for a lot of the cuts to existing regulations that we hear the government has done. But there is little of significance where our economy – the very thing that drives our living standards – is concerned, outside of the promised carbon tax and MRRT cuts that would have been expensive nightmares just to comply with.

In the major change facing our country – the commodity prices crash – why aren't we seeing urgent and significant government burden cuts? The prices for our commodities are international prices, which we can't dictate. That is the wall we face, no matter how much more those international prices fall.

All we can do is cut our costs, which should and must include government burdens, if we are to stay internationally competitive so that more companies are able to sustain their businesses, create revenue and opportunities, and employ people. Surely this should be obvious?

But who is speaking out clearly from business about cutting government regulatory burdens, astronomically growing licences charges, and increasingly time-consuming (hence expensive) compliance burdens?

Are our country's business leaders just going to call for more handouts for their failing businesses struggling to be sustainable in the commodities crash? But where can such taxpayer funds come from, given our debt and that we're having to borrow money to pay even the interest on our government debt? Government in Australia has become too big, too costly, and too onerous.

We need to follow Prime Minister Modi's path and eliminate regulations, as he has done for those companies employing 100 people or less, and we need to understand that we urgently need to cut other government regulations, licences and compliance burdens.

Right now, thanks mainly to our many years of successful commodity



exports, we're not yet an impoverished nation; we are one struggling with too much government-induced debt, but do we really want to become a nation from red carpet to red tape? A nation of compliance, not performance, in which we see our standards of living deteriorate?

Let's not be too arrogant or unthinking to ever forget the outstanding leader Lee Kuan Yew – a leader we should remember, and learn from. This is especially so given that, unlike our country with its mineral resources, water and arable land, Singapore has none of these. It was an impoverished country that had to import all its requirements, but it was very fortunate to have had an outstanding government leader like Lee Kuan Yew, who believed in low government burdens and helped to turn Singapore into a country that now enjoys the fourth-highest standard of living in the world. He famously said, 'Australia faces becoming the white trash of Asia'.

Having seen quite a bit of the poverty of Asia, this is something I'd greatly prefer that my country develops the sense to avoid.

I start the book with a few scenes from my childhood. I spent a very happy part of my life at Hamersley Station in the Pilbara, in north-west Australia. It's 750,000 acres. Hamersley Station is roughly twice the size of the Australian Capital Territory.

I had strict, loving and devoted parents, plenty of bush to ride around in, and a dad who changed the fortunes of Australia when he found lots of iron ore! But he then had to waste eight years of his life getting the federal government to understand that it should lift the export embargo on iron ore that it had imposed as it believed Australia would be importing ore by 1965. He then had to waste more than another year getting the state government to lift its pegging ban on iron ore to enable titles so the exploration and development could proceed. The media prefers to forget the embargoes, and prefers the line, of course, that everyone knew there was ore there, and Dad did nothing for Australia. I don't share this media reinvent, nor does my brave friend John Singleton. John Singleton has been a great friend since I was

young, and kindly wrote a comment for the book.

John told me recently, 'You know, if your dad hadn't found all that iron ore, you'd have made a really great nurse'. But I guess if nursing had been my future, I would not be delivering this speech!

Those of you who've read my first book, *Northern Australia and then some*, may recall that we achieved a State Agreement for Hope Downs after the passing of my father, giving our company title and the security to invest, and later – after much work, money and effort – we started three major iron ore mines with Rio Tinto.

This took an enormous amount of dedication, risk and work: nothing like some in the media like to portray. They seem to think that once you get a tenement, 'hey presto': money flows. Nothing could be further from the truth!

Hope Downs boosted the capability of our private Australian company. And now, as the new book shows, we're into a larger project: a mega project at Roy Hill in Western Australia's Pilbara – a project that HPPL achieved tenements for in January 1993, almost a year after my father's passing in 1992.



Roy Hill, after much risk, work and expense, is now a project that is nationally significant and of major regional importance.

Roy Hill is one of the largest mainland projects in Australia right now – and it is achieving a number of firsts.

We have achieved the largest debt financing in the world for a mainland mineral resource project, with financing from four Asian export credit agencies (ECAs), plus EXIM of the United States, plus the 11 largest banks; indeed, a grand total of 19 major banks. Thanks to these funds, we have the world's largest bucket wheel reclaimers at both port and operating mine. We are leading the way with our technology at our remote operations centre, where our headquarters for Roy Hill are.

We have the largest commercial deal between Australia and South Korea in history, and the fastest iron ore loading conveyors in the Southern Hemisphere. This will be the largest single iron ore mine in Australia and, we believe, with our dynamic schedule, the fastest mine operation to hit 55 megatonnes per annum of product: another first! And we do all of this despite many onerous government regulations, approvals, permits, and licences (more than 4000 of them), and that's not counting even more for construction.

If we want to see Australian commodities continue to be

competitive on the world stage, we need to urgently and significantly cut government-imposed regulations, approvals, permits licences and compliance costs. This applies to all industries that need to compete internationally. It should be obvious that non-export industries can pass on the burden of these government costs to the poor old Aussie consumer and via less profits and dividends to shareholders. This is what happens. We all effectively pay more. But what happens when competing internationally is different? There's only so much of these government cost burdens that can be passed on to international customers before they buy cheaper elsewhere.

Remember, one-third of Australia's exports and revenue are from iron ore and coal alone, and both now have devastated prices. This is hurting the budget and blowing out our government borrowings. We are fast approaching uncharted territory with Australian debt. This is an urgent problem for the country, and it should be a priority in Canberra. But, let's be frank, unless business leaders and others interested in the future of our country clearly speak up and point out why regulations, licences, permits and compliance burdens must be urgently and significantly cut, little but continuing lip service will occur – to Australia's detriment.

And, sadly, tougher times are ahead

if we don't do something to reduce onerous government burdens urgently and significantly. As I said at a recent awards night in Hong Kong, while I displayed most of the government approvals, permits and licences list for Roy Hill pre-construction – I say most because I ran out of time to display all of them in my approximately 15-minute speech! – Roy Hill has never had it easy. Way back in March 1992, after I became chair of our private family group together with my chief geologist, Richard Paquay, we visited Roy Hill after I learnt that BHP had dropped it. Anyone could have done this and applied for tenements others chose to drop. The land was open for applications. They just didn't choose our path.

When I requested my Australian company to apply, our technical staff, consultant and executives were against Roy Hill. They warned in writing against pursuing it. After all, BHP, arguably the most experienced company in iron ore in the Pilbara, had dropped the tenements. Roy Hill was not seen by executives (technical or consultant) as an opportunity, but rather the very opposite – they were supporting BHP's views that Roy Hill was not an opportunity to pursue. It takes years of expenditure and work to determine whether a tenement is an 'opportunity'. Few are, and money spent is lost, and many changing outside factors apply, such as currency

and ore price movements.

The ore found by BHP in their initial exploration at Roy Hill was low-grade. Even after HPPL was granted Roy Hill, advice continued to 'drop the tenements'.

I was the youngest in the company at that time, but I had my father's enthusiasm for northern Australia. So, after my father's passing, we achieved some of the previously BHP-Roy Hill tenements. We couldn't afford all of them.

And even though our company was very short of cash, with liabilities and contingent liabilities, and litigation to defend, we took Roy Hill on, virtually from scratch (other than BHP's initial exploration), entailing less than 20 drill holes.

Only a few years later, we had to lose half of the Roy Hill tenements we'd applied for, as we didn't have the funds to meet the government obligations.

Today, we're past 80 per cent complete, and, much to the upset of the naysayers, we are on budget and not behind schedule, which is quite rare for major projects in high-cost Australia with its declining productivity. We have more than eight million tonnes of high-grade ore on Roy Hill's stockpile.

How does Australia achieve the next mega project after Roy Hill? Who is willing to invest money, go through the risks we did, and contend with more than 4000 permits, approvals and licences, even before construction? How does this expensive, onerous government burden attract companies to invest in projects in Australia, particularly high-risk ones, such as greenfield projects like Roy Hill?

In my book, *From Red Tape to Red Carpet... and then some*, we look at why mining exploration in Australia is falling, why fewer small businesses are opening than at any time in the last decade, and why so many companies are focusing their efforts offshore, away from high-cost Australia, and more.

We also hear from other contributors from around Australia, our north, those in the mining and banking industries, those in small business, those who joined me to start Australians for Northern Development (ANDEV) and from some executives from overseas. In particular, I'd like to greatly thank the following people for their thoughtful contributions, in

alphabetical order:

- ▶ Tom Albanese, Chief Executive Officer, Vedanta Resources plc
- ▶ Gail Austen, OAM, 1997 Telstra Australian Business Woman of the Year
- ▶ John Bertrand AM, Chairman & President, Swimming Australia, Chairman Sport Australia Hall of Fame, Chairman Alannah and Madeline Foundation, Vice Chancellor Professional Fellow, Monash University
- ▶ Lady Flo Bjelke-Petersen
- ▶ Andrew Bolt
- ▶ Craig Carracher, President, Volleyball Australia
- ▶ Alejandro A. Chafuen, PhD, President, Atlas Network
- ▶ Cr Rob Chandler, Mayor Barcaldine QLD
- ▶ Peter Coleman, Chief Executive Officer & Managing Director, Woodside Petroleum
- ▶ The Hon. Alexander Downer AC, Australia's High Commissioner to the United Kingdom
- ▶ Jan Ford, Jan Ford Real Estate; Chairperson Port Hedland Progress Association; Telstra Western Australian Business Woman of the Year 2010; Executive ANDEV





- ▶ The Hon. Adam Giles MLA, Chief Minister Northern Territory
- ▶ The Hon. Barnaby Joyce MP, Nationals Member for New England
- ▶ Imants Kins, Co Chair, Australians for Northern Development & Economic Vision (ANDEV)
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- ▶ Hans Mende, Chairman and Founder, AMCI Group
- ▶ Anne Nalder, Founder/Chief

- Executive Officer, Small Business Association of Australia
- ▶ Scott Neeson, Executive Director, Cambodian Children's Fund
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- ▶ Greg Poland, Chairman, Strzelecki Group
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- ▶ Tadeusz Watroba, Executive Director, Hancock Prospecting Pty Ltd
- ▶ Mike Young, Chief Executive Officer, Vimy Resources Limited.

It should be obvious that high-cost Australia, with its declining productivity, must reduce its expensive government burdens to enable it to be cost-competitive overseas, or face losing important markets and consequently much-needed revenue and opportunities, to Australia's detriment.

We are surrounded by countries we can learn from who've been successful in increasing economic growth, and raising the living standards of their people. And, in particular, we should take notice of Prime Minister Modi's mantra, 'from red tape to red carpet', and take action to do just that.

Please spread the message daily.

Thank you. 