Mining future in red tape chokehold

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The consequences of the Australian regulatory environment could cost Australia new business, according to Roy Hill Holdings chief executive Barry Fitzgerald.

Speaking at the Committee for Economic Development of Australia's (CEDA) WA Annual Resources Overview on 28 October, Mr Fitzgerald said “the industry should take steps to induce the government to remove some of the very serious disabilities by which the industry is hampered”.

Mr Fitzgerald said the WA Chamber of Mines had said the same thing in 1905, illustrating his view that the same challenges to Australian business had prevailed for 110 years to create a chokehold on the resources industry, with projects having to contend with regulatory approvals, standards and compliances that were costing Australia its competitiveness.

“We believe there is a compelling case for change and the experience of Roy Hill is a case point,” he said.

“It is my view that if you look across the way we deal with projects and standards in Australia there are some times when the ability to manage risk and take responsibility for our own risk is taken out of our hands by the ever-increasing level of standards required.

Mr Fitzgerald said that Roy Hill had created a “book of regulatory waste, or lost opportunities” titled Case for Change which used the Roy Hill project as an example of the impact of “creeping higher standards” on Australian projects.

“[Standards] have been applied to the [Roy Hill] project that were not applied to our competitors,” he said.

“Some of that is good – its technology and progress and the world moves on.

“But some of those create a very unfair and uneven playing field.”

Mr Fitzgerald said that the time taken for approvals processing was also a critical issue.

Roy Hill secured “groundbreaking” funding in 2013 and 2014 for development of the 30 year, 55 million tonne per annum iron ore operation in the Pilbara, which is currently in the final stages of commissioning; however, Mr Fitzgerald said the “case would have been very different” had Roy Hill been forced to seek funding in the current market due to further approval delays.

“Delays in approvals are real, delays in getting approvals are real, and the consequences could be very significant,” he said.

He said compliance was also working against Australian competitiveness as the regulations were created in “times of plenty” and therefore narrowly constructed.

“Those times change but sometimes the regulations don’t. Therefore we need to make sure our regulations and our compliance issues take a whole-of-life, a whole-of-business perspective and not some short term dismissal of ‘today’s good, you guys can afford it’.”

“Because maybe in five years’ time industries can’t afford it.”
Roy Hill has been delayed by more than 4000 specific regulatory, compliance and standards approvals, according to Roy Hill Holdings chief executive Barry Fitzgerald.