

# An interview with Dr Ian Gould

## — Chairman, South Australian Industry Development Board



### Introduction

The following transcript is the second in the series of interviews with industry leaders in South Australia. Dr Ian Gould has extensive industry experience, including as Managing Director of AM&S Europe, Managing Director of Comalco Mineral Products based in Queensland, Group Executive for CRA Exploration, and Group Managing Director of Normandy Mining Ltd. Dr Gould is Chairman of the South Australian Industry Development Board, which was formulated following a recommendation in the June 2000 South Australian Government response to the Resources Task Force Report.

### Transcript

#### What progress has the Resources Industry Development Board made?

After nearly two years, it's a relevant question — what have we done, which direction have we taken? I think from the outset it is important to state that creation of the Board was one of the major recommendations of the Resources Task Force, along with a number of others, and that the nature of the Board is advisory to the Minister. It has now worked with two Ministers, two Governments, and I might say that both of these Ministers have been very supportive and genuinely so of the industry. We do give advice, although we don't get in there and actually carry out the work ourselves. It is a balanced board, which was the idea from the outset, so it's not all people intent on unrestricted mineral development at any cost, and contains people who have experience in, for example, environmental and Aboriginal issues.

I think the Board is becoming more and more effective with time; in fact I would like to think it is really starting to hit its straps now. We have pushed very hard from the outset for the main issues for the resources industry in this State and its real potential to come right out in the open so that these issues can be addressed, even though it's not for us to address them specifically ourselves. It would be correct to say right from the very beginning that we have developed concepts, and we've workshopped these quite thoroughly,

concerning what the potential of this industry means to South Australia. There is no other industry that provides greater economic benefits for the State than the minerals industry.

Land access is a big issue but right now I guess it's fair to say that the issue which is confronting us, and we're working on more than any other, is promotion of the industry in a broad sense so that its true potential can be made apparent to the wider community in South Australia. Of course, to do that we need to deal with these other matters as well, and to demonstrate how other groups are not going to suffer if the minerals industry is given that opportunity.

#### How can the South Australian minerals industry best promote itself as a positive contributor to the State's economic development?

A lot of people think that the minerals industry isn't an industry for tomorrow. Many of them are not aware just how important it is today; it is by far the largest export industry for Australia and it genuinely does carry our standard of living on its back. But the real issue we need to dispel in South Australia, and in Australia generally, is that this is yesterday's industry where, in fact, if you look at Australia over the last 27 years since 1975, the minerals industry has grown, compounded by 5% per annum, and it is continuing to grow. So it is in fact very much an industry for the future and, for South Australia, doubly so.

There is a big potential leverage in this State; what we do have going for us is a very large land surface. Under that large land surface we have some truly great geology and this provides us with real opportunities given our small population, and I think this is the particular message that we want South Australians, as distinct from Australians in general, to understand. We want Australians in general to understand that you can carry out mineral exploration and mining and processing of minerals without destroying the environment, and you can do it to the benefit of indigenous people who, in many areas, have no other alternative employment

and source of training and work for their young people.

What is really special in South Australia is that the geology is not just extensive, it is also of a type that contains some of the truly great orebodies of the world, and it's very special indeed. We have a lot of the geology which hosts the Broken Hill deposit, and much of the benefit of Broken Hill came to South Australia, with Adelaide as the nearest capital city and the ores going to Port Pirie for treatment. This is a 100+ year orebody, it's still going, it has produced astonishing wealth, in fact it underwrote Australia's industrial development, and we have the Gawler Craton — Stuart Shelf geology here that shows real potential for hosting more Olympic Dam type deposits. I would like people to focus on just how great the economic contributions of Broken Hill and Olympic Dam are. In a State with 1.5 million people, the leverage is absolutely huge, so the discovery of another one of these gigantic deposits — and there is a very real possibility that it can happen in this State if we do the right things — will have a very big effect on South Australia. The Resources Industry Development Board has worked hard to get that message across and we believe it's accepted very well within government. There are very few events that would be greater than the discovery of one of these giant orebodies, and the chances of that happening are real.

There are many other good geological environments in the State. The Musgrave Block in the far northwest has marvellous potential for discovery of Voisey Bay type nickel deposits. We have our share of the mineral sands of the Murray Basin, and there are small gold-type systems and a huge iron ore potential in the Gawler Craton. There are plenty of other good environments, but I really want to reinforce the message that there are two that are absolutely world class, and that single discoveries can make a huge difference for this State. We have seen that potential demonstrated recently with the discovery by Minotaur of Olympic Dam style mineralisation at Prominent Hill.

### **Does South Australia have other competitive advantages that you haven't touched on?**

Yes there certainly are. South Australia is a State in which there has been mining for many years, and there is a good history of stability in terms of government response and support to mining; sovereign risk as it were is something that is low in the State. And there have been some very interesting competitive advantages come forward in recent times. One of these is the ILUA [Indigenous Land Use Agreement] process, where we are working with Aboriginal groups on a basis outside native title; individual negotiation has had its best expression in South Australia. The Cooper Basin example is really a benchmark for Australia, so the State is certainly showing that it has real competitive advantages. In terms of a stable political environment, when you're going to make high-risk investments from the first phase of the exploration and, in the second phase, development, you're putting in very large capital sums and you really do need to think that there won't be reversals of policy.

I think an advantage in the State is the system of reserves we've had that has allowed conservation as well as exploration and mining. It is something that has been a little ahead of its time, where you have reserves that very much seek to care for the environment but, where it is possible to do so, will allow economic development under appropriate conditions. So I think that's been an advantage and I think it is something the State can build upon and become better known for. I think everyone can be a winner out of this as well, very much including those concerned with conservation. As with the ILUA, I think the State can be a leader.

In terms of things that South Australia can be number one in, can be known for, can stand out for, because I think that's what the State needs, we need a group of things related to mineral development which show that the State is clearly something special. The hot dry rocks project that the Resources Industry Development Board has taken a particular interest in for quite some time is such an example. The hottest known accessible rocks in the world are here in South Australia, in the Cooper Basin near Innamincka. That form of energy has such immense advantages — no greenhouse problems, the effect on the environment almost nil, and a huge, constant supply of heat. It's a project that might take a little while before it is fully exploited, but I think it is fantastic that such an activity is happening right here.

### **Where do you believe future opportunities will be within the mineral resources industry in South Australia, and what will the State look like in 2020?**

The geology can give rise to another very large mining centre similar to Roxby Downs. If proper access can be gained which actually assists the indigenous people around the Musgrave Block, we might see something there. We may well see another very large development (planet-scale) taking place and of course we have the hot dry rocks which could develop into something, not just of great interest, but of real size in generating power for South Australia. The State does not have a strong position in terms of energy, and although people are working very hard to overcome that, we do have to confront issues there.

The hot dry rocks development could really help in this respect and, although it is remote, it can link quite easily into the Broken Hill and Roxby Downs grids, but more to the point, the hot dry rocks concept lends itself to the development of very high energy consuming industries where the power is. We're going to see magnesium, titanium, and aluminium — strong, light metals — being important in the future and their production processes are all energy intensive, so that's another opportunity for the State.

What could we look like in 2020 if this all went right? With a small population and a couple of very successful, large (planet-scale) mineral developments, if our energy issues are resolved, and we have more green and abundant relatively low-cost energy in the State, we can add further value to those minerals. The impact on the economy of that sort of scenario has a huge multiplier effect on jobs. Already Olympic Dam exports are around that of the wine industry, which is a marvelous industry for this State — it has real scale.

### **How do you view the state of play in terms of relations between the government and minerals industry in South Australia?**

I am very encouraged with the progress of the Resources Industry Development Board. We have had two very supportive Ministers for mineral development with two governments, and with the change of government we have found that Minister Paul Holloway has been extremely supportive; he agrees with the strong leverage that the minerals industry does provide and can provide, so he has that vision, and that is very important. The Department of Environment and Heritage

is a very good example where we can develop win-win solutions because, quite correctly, DEH has issues that the community generally sees as being very important to take care of. So I think how we work on those issues, and indigenous issues with other areas of government, is going to be a test and the Board looks forward to the liaison with other departments and other ministers.

I think there is a real need for the industry, and for the conservation movement in particular, to put realistic propositions on the table. The community and hence the government will not respect an industry that expects to be able to explore and develop everywhere in the State. There are areas that have conservation value and clear heritage value, whether they be indigenous or non-indigenous, that exceed those of mineral potential. Despite all the economic leverage in which the Board believes passionately, we believe the industry must decide where it simply shouldn't be because of greater values and, secondly, decide that there are going to be others where if you want to be exploring or developing, it will require very special care; being able to demonstrate you can achieve that is a very big responsibility for the industry.

A balance is very important, but probably even more important is a more focused approach so that one can get the best integration of mineral and conservation values. In other words, it would be a real loss if high-value potential mineral ground was sterilised from exploration and development where there may be very big opportunities and benefits for indigenous people in the area. On the other hand, it is equally not right for a mineral development which doesn't provide social values, which doesn't have those huge leverage potentials, is situated in an area that has prominence in terms of community value, and has a high conservation requirement, to be mined — that's also out.

It is important that when judgements are made, as they will on occasions, in a way that the minerals industry won't like, that they are well presented by government in terms of explaining why those decisions are taken. I think such an approach can largely mitigate what could be an unfavourable reaction from investors from outside the State and in fact from outside Australia. The Resources Industry Development Board conclusively promotes the idea that we must have win-win situations, and that there are going to be circumstances where conservation values will clearly outweigh mineral development.