



Julius Kruttschnitt
Mineral Research Centre

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Forum calls for CEOs to take 'hands on' R & D role

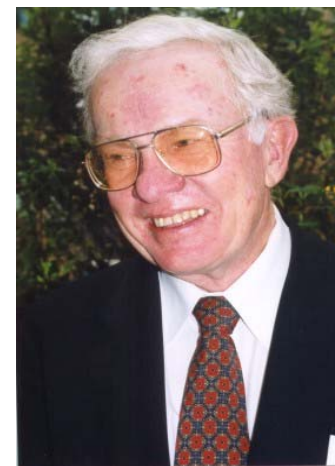
By David Goeldner

The recent AMIRA International 'Milestones to the Future' forum has called for mining industry chief executives to take a greater interest in research and development in order to maintain a competitive edge.

"If business units continue to drive R & D we're going to have problems to some degree because they tend to give priority to short term performance," AMIRA chairman Dr Max Richards said.

He said R & D should not be viewed as an indulgence, or even as a recurrent cost.

"We need chief executives to attach the same importance to technology strategy that they do to labour, taxation and safety strategies."



**AMIRA Chairman
Dr Max Richards**

Dr Richards said he was encouraged by comments from Hamersley Iron Managing Director of Development, Mr Malcolm Richmond, who told delegates that until chief executives took a particularly strong interest in their technological and innovations needs - rather than delegating to a fast disappearing middle management - the R & D cycle might not return to the level it should be.

Mr Richmond also told delegates that it was difficult to see if and when the Australian minerals industry would

collectively reverse its trend of moving away from long-term technical development.

"Outstanding performance gains, in part relying on new technology or better utilisation of existing technology, are now an accepted part of running the business," Mr Richmond said.

Sharing a theme of 'mixed feelings' about the future of R & D, Mr Richmond said he was concerned that experience in North America suggested a move away from R & D would inevitably lead to a general decline in the industry, but it was at times difficult to predict which was cause and which was effect.

"However, I don't think we should follow this path," he said.

"Our mining industry, it seems to me, is exhibiting a supplier-influenced doggedness for introducing new ideas and new technologies that I find reassuring and presumably so will future clients."



JKMRC Director Professor Tim Napier-Munn with former AMIRA CEO Jim May at the Milestones to the Future Forum

Providing a glimmer of optimism at the forum was the revelation of findings from a recent survey of science and technology based activities in the American chemical industry.

Australia's Chief Scientist, Dr Robin Batterham, presented the findings to Forum delegates saying that the American chemical industry - which bears similar characteristics to Australia's mineral processing sector - shows that the main 'market to book ratio' is significantly affected by the level of technological and scientific activity.

"There is compelling evidence now that the value placed on a firm depends on its capabilities to innovate," Dr Batterham said.

Dr Richards said it appeared the automotive industry had a clearly defined policy of utilising its R & D capabilities to stimulate growth.

He said one of the few CEOs speaking at the forum with a vision to increase R & D expenditure beyond its current levels was DaimlerChrysler Australia/Pacific President and CEO Mr Bernt Schlickum.

Mr Schlickum said DaimlerChrysler invests a staggering \$US8 Billion in research and development, which is more than five per cent of its annual turnover and one of the highest ratios in industry.

"This figure is expected to improve in efficiency and scale as the benefit of the DaimlerChrysler merger flows through, the market capitalisation of the company increases, and the company can afford to retain greater control over the end use of its technological innovations," he said.

Dr Richards said that preserving the long established culture of Australian mining's research and development would help arrest the current decline.

"If companies lose the culture required to develop and implement technology, they also compromise their ability to ask the right technological questions and to transfer technology to operations," he said.

"I also suspect that with recent mergers, huge growth, outsourcing and downsizing, complacency has taken hold of some companies, assuming that technological solutions can be acquired from anywhere in the world and from any industry they choose."

Dr Richards said that while this was possible 'in principle', each company still requires a culture ready to absorb new technologies.

"You also have to be concerned that if you take that attitude, the research institutions we have in Australia - which are absolutely second to none - such as JKMRRC, Ian Wark Institute and a number of CRCs and CSIRO divisions, will not have customers and will wither away," he said.

"It means we could lose something that would take years to replace."

He added that it was only possible to sustain such things as a high level of mining software exports if research institutions were maintained and the industry kept demanding work from research groups with problems which needed to be solved.

***AMIRA Chairman
Dr Max Richards opens the
AMIRA International Milestones
to the Future forum at the Hotel
Sofitel in Melbourne recently.***



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