

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE
Inquiry into greenfields mineral exploration and project development in Victoria

Melbourne — 22 August 2011

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Mr T. Goldsmith, Global Leader, Mining, PricewaterhouseCoopers.

The ACTING CHAIR (Mrs Peulich) — I welcome Mr Tim Goldsmith to the public hearing of this Committee. I apologise that the Chair has been held up by an important matter that has emerged today, but I think he will be joining us a little later. Our Deputy Chair, Martin Foley, is away, so you have the third stringers, but we have been around the traps for a while. I am not sure whether you will still be giving your evidence when the Chair arrives, but if so, I will be more than happy to hand over to him.

Mr GOLDSMITH — Sure.

The ACTING CHAIR — This is an all-party committee. The Government does not have a position; many of the difficult issues that come to all-party committees are for a fresh pair of eyes and thinking to resolve what are often very contentious and difficult issues in the interests of the State and, obviously, other stakeholders. This is the Committee's Inquiry into greenfields mineral exploration and project development in Victoria. All evidence taken at the hearing is protected by parliamentary privilege while you are with the Committee, but you will not be covered as soon as you go outside. You will know that that privilege is limited to the proceedings.

I ask that you state your full name and address and also explain whether you are attending in a private capacity or representing an organisation. If you are representing an organisation, please tell us what position you occupy in that organisation. The evidence you give will be transcribed by Hansard and will become public in due course. You will have an opportunity to correct typographical or small errors within a few days, and Yuki, our Executive Officer, will manage that. Again, thank you for attending, and perhaps you would like to kick off. If it is okay with you, you can speak for about 10 to 25 minutes then we will ask some questions.

Mr GOLDSMITH — My name is Tim Goldsmith. My address is 23 John Street, Kew, 3101. I am here as a partner of PricewaterhouseCoopers, or PWC. I am the global mining leader for PWC. I also assist Chinese companies who are looking to invest in Australia. Those are my two roles. To be honest, while I reside in Melbourne and spend as much time as possible in Victoria, it is a limited amount of time from a business perspective compared with elsewhere in the world.

In tackling the question at hand, I do not think it will be 20 minutes that I will talk for — —

The ACTING CHAIR — Whatever you are comfortable with.

Mr GOLDSMITH — I do manage to talk quite regularly. In attacking the topic at hand I bring a global perspective and view on what I see occurring in Australia and in Victoria and, probably more importantly, what I see elsewhere in the world. As a starting point, the mining industry tomorrow clearly only comes from successful exploration today or in the past. Whilst people always tend to look at how much profit a mining company has made, probably the most important aspect for an investor is not its profit today but its reserves and resources into the future — that is, what it is going to be doing in the future. The industry has a very clear end to it — when you run out of resources there is nothing left — so you have to keep on exploring both to increase what you have today and obviously to have a future tomorrow.

When companies look at how they are going to go about doing that, they clearly do not look in any one area; they look all around the world. As a starting point, if we look at the major companies of the world, they very clearly look at their existing assets as being probably the easiest ones to extend their lives and also to generate funds. But I guess that is not what we are here for today. We are talking about the greenfields stuff — that is, the stuff that has not yet been found.

There are many schools of thought about this type of exploration. Some would suggest that the big companies have more technology and easier access to land and therefore should be able to do it better. There are many others, probably including me, who would suggest that the small companies that do not have a huge amount of funds and do not necessarily have huge amounts of technology to utilise but do have an awful lot more hunger and want to make sure that every dollar is used to its full potential are the more successful of the explorers in this greenfields area. As I said, there are two schools of thought on that and I will not suggest that there is a right or wrong in this regard, but I will focus particularly on the juniors now, because I think if we look at Victoria or anywhere else in the world, when we look at how an area makes itself attractive it is really the junior that we are focusing on.

From a personal perspective I have an investment in the industry myself, and we did just go through this. Straight away we wrote off Australia as not a very friendly place to be exploring. Our own personal investment is in Chile.

What is the first thing you look at when you come to that consideration? The very first thing is geological endowment. If there is no geological endowment or you think it is a long shot, it does not matter how good the rules and regulations are, there is clearly nothing there to be found so it is not where you want to spend your money. I guess you have to take it as read with all these things that if it is Victoria or anywhere else in the world we are looking at, we have confidence that the geological endowment is sufficiently good to warrant companies having a starting attraction. If it is not, it does not matter how good we make the rules and regulations, people are not going to bother coming here.

Victoria starts off as a fairly small land mass in the scheme of things. I am sure there will be geologists who will follow me who will be able to give you a better indication of what the endowment is like, but that is the no. 1 question. You go through that piece first of all. If you have confidence in the region, you then look at a whole raft of other aspects to determine where you will look. Some of those are controlled by government and some of them are not controlled by government, obviously, and you get into the judgement sphere very quickly. Clearly if you decide to have a first look in Victoria, it is a very different scenario to having a first look in Mongolia. Obviously it is very different in terms of how you get there and all those sorts of things, understanding how you get access to the land, the certainty of being able to take anything you find into mining lease and the taxation rules — all of those things come into play with regard to your ultimate decisions. They are the things you look at.

At the moment I do not hear many companies saying that Victoria is the place to be attacking. There are one or two companies, of course, that have seen it as a niche and given it a bit of a go. We had the attempt at the revival of the gold sector 10 or 15 years ago, which I guess is still under way. Hopefully it will be revived at some stage or other. But this is not a state where we hear lots and lots of people talking about wanting to invest today.

I guess I have written off Australia earlier. I should probably dwell on that a little further. I think Australia is still a magnificent country from a geological endowment perspective. In some ways it is a country that has been looked over a lot compared to other countries. If I contrast Australia with Mongolia or parts of Africa, clearly more exploration has been done in Australia. Do I think all the deposits have been found in Australia? Not by a million miles. I think there is still heaps of prospectivity, but the easy, fall-over stuff has probably, by and large, been spotted. It is going to be a bit harder to do it and smarter techniques are going to be needed to find the stuff, but I think there is still heaps and heaps here. I still see huge prospects for Australia, but when I speak to CEOs of big mining companies around the world they do not see Australia as somewhere worth investing in at this point in the cycle.

There are lots of reasons for that. There is no doubt that the current Federal Government is not putting the best foot of the nation forward with carbon taxes, with RSPTs turning into MRRTs and with industrial relations starting to go a little bit astray as well. That is obviously quite a political piece there. Even before this current Parliament I think there was negativity towards Australia, partially because each of the states go it alone.

I remember a conversation I had with a CEO of a major North American miner who does not have much in Australia — you can probably narrow that down as to who that would be. He had stated to me that they had sent someone to South Australia. They spent two years in South Australia and thought it was very good. The State had done a lot of good work, and it tried to encourage exploration and obviously development in due course. They liked it a lot. Then they decided that they should also have a good look at Western Australia and went across there. It was like moving to a different country in terms of how you went around regulations and how you went about doing business, which was something that surprised them dramatically.

The ACTING CHAIR — So WA was more difficult?

Mr GOLDSMITH — No, I would not say that necessarily. It was different. What they learnt in South Australia did not automatically hold them in good stead in going to Western Australia. They had to relearn. The state borders were seen almost like country borders in that regard.

I will wrap this up and allow you to ask direct questions. I do not see that Victoria is on the agenda of mining companies for greenfields exploration. There will always be some who buck that trend, but it is not something that you see at the top of people's lists. I think Australia has clearly fallen down from where it was a few years ago, but no serious mining company cannot have Australia on its agenda at some stage or other. However, how to make one area more attractive than another is clearly something that you guys are very interested in.

The ACTING CHAIR — Thank you for those opening comments. I will ask a couple of questions that tease out some of the material you covered. You were very positive in assessing the endowment of Australia generally but more obtuse in your assessment of Victoria. You referred to other geologists who may possibly be more forthcoming. Could you elaborate on that, if you are able to? Also you basically broke down the challenges in Victoria into three stages: firstly, accessing land for exploration; secondly, translating the exploration or possible exploration into mining; and, thirdly, all the other business factors such as taxation that may or may not make Victoria more attractive. Are you able to elaborate on each of those three stages and indicate which are the greatest obstacles and whether there are any practical solutions or recommendations you would make in each of those three to give this resource sector a future in Victoria?

Mr GOLDSMITH — What was your first question?

The ACTING CHAIR — The first was about endowment.

Mr GOLDSMITH — I am not a geologist by background — —

The ACTING CHAIR — But you are here, and you talk to lots of people.

Mr GOLDSMITH — Richard will probably be able to answer this one better than me. I guess I do not know. What I do know is clearly how much gold has come out of the ground in Victoria over the years. Typically when you know that a lot of gold has come out you have to have some degree of optimism that we did not manage to get it all the first time. I cannot understand why you would think that one little part of Australia would be underresourced compared to the rest. As a general businessman I cannot see why it should be much worse, but I am not a geologist who can understand the structure of the rocks or anything like that, as I am sure others will go into. I would have thought there should be good reason — —

The ACTING CHAIR — That does not seem to be the reason that Victoria is not under active and positive consideration. Presumably the other three factors are the reasons.

Mr GOLDSMITH — Historically it has not been a place where people have looked. History takes a long time to write but a very short time to change if you make the wrong decisions. I think 20 years ago people stopped thinking that Victoria was open for business in this regard, so nobody really bothered looking. It takes a long time to change that mindset.

The ACTING CHAIR — On what basis did they form those assessments? Be blunt.

Mr GOLDSMITH — I think it was the view that it was environmentally very difficult in this state, but it was really before my time so I would not want to be too committed to that as the sole reason. Certainly, if I think about how people rank states within Australia, Western Australia was always very high up there. South Australia has done a very good job. An answer to one of your next questions is that looking at what South Australia did would be a very smart thing for Victoria to do. It was about providing information and assisting explorers by giving them a bit of a kick-start and saying, 'Trust us; we will make it all easy as and when you do find something', which I think they have done pretty well. South Australia is still seen very positively all around the world, and it has now been quite a period of time that it has been like that.

Unfortunately, and you can see this in the South Australian example as well, this is not a short-term industry. Decisions to go exploring today do not really turn into revenue for 20 years in many cases. That is a long time; it is obviously a generation. You see in South Australia that they have been plugging away for a long time, but the new mines are still really few and far between. They are coming, but they are still coming. It has been many years. It is a long-term industry, and you have to have a long-term commitment to this and put something in place that will work all the way through the cycle.

The ACTING CHAIR — It is really about the future of the State, I would imagine, rather than the agenda of a single government.

Mr GOLDSMITH — Yes, and that is one of problems with the mining industry full stop. It is all long-term decision making. BHP was not going to take over Potash for one year's worth of outcome; it was with a long-term view in mind. All big decisions made by big mining companies are done on that basis. They do not necessarily benefit the shareholders of today as much as some of them would like, but it is for the long-term good. The mining industry must be looked at like that, which is really hard for companies because they have to deal with shareholders over six-month periods. Obviously that drives a different agenda, as do political agendas when you have elections.

Mr NOONAN — Thank you for your opening words. We have been provided with a couple of the documents that I think you helped to produce, if not produced yourself. I am trying to get an understanding of the issues that influence decisions amongst the mining companies. In your *Aussie Mine — Rise and Shine* report, which has a focus on the mid-tier 50 — —

Mr GOLDSMITH — The smaller-type companies, yes.

Mr NOONAN — To an extent I am trying to understand, and the Committee would probably benefit from such an understanding, the competing objectives in terms of longer term greenfields exploration as opposed to what I would probably term a safer brownfields exploration process. Can you give us a sense of your view about how those competing objectives are handled in terms of decision making? You make some good points at the outset, but clearly the sector and the industry are very competitive, so there would be a balance in terms of those competing objectives.

Mr GOLDSMITH — I think the easiest way to look at it is to look at a big company that has the ability to do all of the above. They sit there with a whole bunch of different levers. If you look at any one outcome and assess how they performed against that one outcome, it is actually an inappropriate consideration. In working out how they performed: one, understanding their current day's result is important; two is what they have done about their future; but three is what they have done about their long-term future. Brownfields exploration is by far and away the easiest way for most of the big companies to increase their production levels at relatively low cost and generate short-term profits. Often with these big assets it is also the easiest place to explore to increase your resource base, but it is in a confined region. On the other hand, to go and find something totally new and different has a much higher risk because you do not know whether there is anything there and you are obviously going into the wilderness — but if you do find it, it has a much higher reward.

We are probably talking not about the mid-tier 50 but about the next 500 below them. They are almost the sole explorers, whereby a guy gets a couple of million bucks and has to work out where to go and try to find something as quickly as possible. A couple of million bucks will run out relatively quickly, so he has to make a fairly snap call. He may not make just one call and say, 'I'll just go to Victoria', but go to three, four or five places. In his mindset he may never want to be a miner. The Canadian market is very different to the Australian market in this regard. In Canada the juniors nearly always do not want to be miners. They see themselves exploring greenfields, finding and selling: 'Let a mining company come and buy it'. The ASX juniors are not quite the same. There are certainly enough who would do that as well, but most of them do have a desire to find, fall in love with the area, build, grow, be part of the community and maybe ultimately, if they are very successful, get taken out as an operating mining company, but add value through that chain. There is a slight difference around the world, but I still think all of them would look at this and understand that it is much higher risk to go greenfields than brownfields. Accordingly, if you do hit the jackpot, the rewards will be significantly higher as well.

Mr NOONAN — On page 27 of your *Mine 2011* document you talk about exploration in the greenfields area among the top 40 at just \$6 billion, or only 8 per cent, of net investing cash flows. You talk about that outsourcing to the junior sector. Can you give us some historical context for that as a trend and the reasons for that trend?

Mr GOLDSMITH — Sure. I think if we look back 30 or 40 years ago the big mining companies were a place for people to join and have their life within them: it was a job for life. That included things like

exploration. It was all done by the big boys. They had the funding to do it properly and therefore the technologies to do it properly.

In the mid-1990s, or maybe even a bit earlier, certainly for about 10, 15 or 20 years, the global mining sector performed very poorly in terms of results. It barely made enough on its capital to interest shareholders, lenders and all of those people. The companies had to look pretty hard at themselves and make themselves far more efficient and far more effective. I guess the end of jobs for life came along. Most of the companies in Australia used to have a CEO who came from BHP, CRA, MIM, Western Mining and those sorts of companies. As I said, it was a job for life, but they were very well trained and they were experts in their area. They all lost their jobs. A lot of them went off and effectively set up junior exploration companies. Often they went off with the projects which they had been working on with some of these other companies because effectively the big companies stopped exploring at that grassroots level. They saw it as not something which created any value for them in the short term, which again is understandable. If you are a \$200 billion company, it is very hard to go and find something which is going to be material to that valuation, whereas if you are a \$2 million company, it is much easier to find something which is of great value.

To me it was always a logical route to outsource it. The big boys still spend a lot, so I think you can also read into that the basis that they still spend about 50 per cent of the global greenfields exploration dollars. I would suggest — and we do not have the analysis to say this with absolute hand on heart — that the amount of drilling would be significantly less for the majors' 50 per cent of the spend than it would be in the juniors' 50 per cent of the spend.

The ACTING CHAIR — Are you able to give us a ballpark figure?

Mr GOLDSMITH — Not really. I would say it is significant — maybe two to one, or something like that. Others would probably be able to give you a better feel. There is a sense that when you are hungry you manage to make your dollars go an awful lot further, whereas when you just have to put in a request for them it is not quite so hard to do it.

The ACTING CHAIR — Allowing the greenfield exploration to be undertaken more by the juniors made financial sense and also gave a better return?

Mr GOLDSMITH — Possibly. The problem with it, of course, is that you are at the mercy of the capital markets. None of these companies will ever be able to raise debt, and rightly so, because it is a high-risk, high-reward scenario; you are not going to get debt lent. You are at the mercy of people wanting to invest capital into this thing, and obviously there are cycles in life. If you were trying to raise money today, after the last few weeks that we have had, it would not be so easy.

The ACTING CHAIR — It would be tough.

Mr GOLDSMITH — Yes. That is one of the problems with it. Yes, in concept it makes a lot of sense to give it to the people who are hungry. Of course the challenge is that the major global mining houses want every major find which is made to be in their balance sheet. They do not want to go looking for it, but they want to make sure they capture it. How do they manage to do that? We have seen a few methods by which they have tried to what we call grubstake in companies, where they will invest a little bit in the company and have a right of refusal if they find something of a certain size. Not many projects seem to have gone back to them in that regard. There is a sort of ongoing game in many ways from the majors to make sure they get all of the good projects but on the other hand try to get the juniors to go off and look for them, which is why I was saying that in Canada there is a very active market of people trying to find something and, having found it, not doing an awful lot more other than selling it. Then they start again. That is it.

Mr SHAW — Thank you, Tim. I see that the mid-tier increased its turnover by 32 per cent over the year, which is terrific, and they reduced their loss as well. I am interested in your comment that we in Australia talk about a mining boom. You mentioned that Australia has fallen down in overseas investing eyes. Can you just expand on that a bit?

Mr GOLDSMITH — Firstly, let me talk about the mining boom, because to me the mining boom is a 50-year or a 100-year boom and it is about the industrialisation of Asia, which is going to spawn all kinds of opportunities. People look back and say that the boom turned into bust and then there is the second boom that

we are in now. It is all the same thing. It just so happens that there was a cycle within that and there will be more cycles. We may be going through one at the moment; obviously we will have to wait and see what the next three months rolls out.

I was in China last week, and I am back there next week. I do not see the long-term fundamentals of Asia changing. It has not changed through the US recession of 2008 onwards; I do not think it is going to change in the next little while. That is what I call a mining boom — long-term demand from Asia which will keep on coming. The profits will be driven by the ability to supply into that boom and whether it can oversupply or undersupply. At the moment it is undersupply, and I think I can put a pretty good argument to you as to why I think it will be long-term undersupply, which will lead to very high commodity prices which will lead to high profits. I think that profit is going to be very strong for the industry for many years to come. That does not change, though, whether there is an opportunity lost for even greater profits, which is where we come into the conversation, or whether Australia is in a good place or a bad place comparatively.

Australia is almost unique. I would say this, and do say this, for many countries in the world: we are a Western country with more resources than we need for our own population. I think there is only one other which you could categorise into that, which is Canada, which would be similar, but if you added Canada and the US and said there was no border in between, then you would not say that they had more than they needed. We are in, as I said, a unique spot, so we are always going to be on the radar screen. It would be very short-sighted for anyone to say, 'You said the industry was going to end and investment happened the next day, so of course it isn't right', or the other way around; and both sides of politics are saying this to some extent. Long-term this is going to be a mining country; we have got the resource and we do not need that for our small population. It has a great long-term future.

Having said that, companies do look at a whole raft of issues when they determine where they are going to look next, and the RSPT of last year in particular was the one that really sent a key message. Australia has always been perceived as probably the freest nation in the world in terms of open access to anyone and fair rules and all that sort of stuff, and all of a sudden here was a massive great retrospective potential nationalisation of 40 per cent of the industry just handed down overnight. Wow! That was a real shock to the system, I think. That was the piece which I think really alarmed mining companies all around the world. And, as I mentioned earlier, you can alarm people one day and it then takes a long time thereafter to take that away. As I travel around the world and people say that tax is just ridiculous, I say, 'Here we are 12 months on and there is no tax. There might be, but there might not be'.

Mr SHAW — Do you think that was the single thing that swayed investors from around the world?

Mr GOLDSMITH — That was the moment in time when it changed, yes; undoubtedly. Even though obviously the RSPT is no more, that was the moment in time which drew attention to it. You have to remember that Australia is already seen as one of the major mining countries in the world anyway, so anything we do here people are always very interested in. We are also just about the most advanced mining company in the world, because our labour is so damn expensive that we therefore always use capital a lot more so than you see elsewhere in the world and technology a lot more so than anywhere in the world. Again, people have always been very interested in what is going on here. It is similar to what it used to be in South Africa 40 years ago when its mining industry was globally the no. 1 place to look.

Mr SHAW — You mentioned Chile being attractive now. If I sit here and think 'Chile', I would think 'politically unstable', yet you are saying that is more attractive than Australia and one of the reasons is a potential mining tax. Then you followed on saying that the carbon tax was an issue as well. I find that an interesting comment.

Mr GOLDSMITH — Firstly, Chile is politically stable. Parts of South America are not, but Chile has had — since the Pinochet years in the 1980s — probably the best part of 30 years now of stability, and it is very mining-friendly. I think that is a solid country. Compare it to Australia and it is also geologically very well endowed. It has copper, gold and a raft of other minerals, and it has not necessarily been that well explored because up until three years ago there was quite a high degree of political unrest, which stopped people going there up to that point.

Australia is still a good place. Australia is a good geological starting point and we have more reserves than we are ever going to need for our own people, therefore we are very attractive to foreign direct investment. That is always going to put Australia on everyone's maps. Now, how well you rate Australia versus Chile today versus yesterday versus tomorrow will vary in everyone's mind. There are a raft of different things that need to be taken into account. Any regulatory change within a country is going to go onto its scorecard. You have to expect that for any country that has introduced taxes, has been thinking of introducing taxes or has been making noises about introducing taxes; it does not matter if they do introduce them, because the noise can be just as damning.

In South Africa there is certainly growing sentiment about nationalisation in the industry. Not many people are looking to put money into South Africa at the moment. When he was on the hustings the new president of Peru talked about how he was going to create a windfall tax on the minerals industry. Again a lot of companies are holding off putting investment in. Part of the problem is the announcement or the potential for an announcement, which makes people have a degree of uncertainty. Generally business wants certainty. You do not want bad certainty, but when you have uncertainty you are more likely to hold your wallet, which is what we are all doing today because of the uncertainty around the world. Today is probably the time to go out and buy as much as you possibly can of everything because everything is at a low price, but it is also the hardest time to do it.

Mr SHAW — Thank you.

The ACTING CHAIR — You have referred to Chile as being quite attractive. Internationally are there other countries you can point to with notable successes in greenfield exploration activity? Could you perhaps elucidate as to why they have been successful and talk about how we could learn from that, given that you have already identified that the cost of labour and a greater reliance on investment in capital and technology are significant factors? What can we learn from the successes of countries abroad, and what direction do we need to take to make this a growth area for Victoria?

Mr GOLDSMITH — The one which you will certainly hear about if you have not already is Canada. Probably 15 years ago Canada started a thing called a flow-through share scheme, which basically tried to incentivise companies to explore in Canada by saying that if they did, then the shareholders that had invested in them could make a tax deduction when they spent that money on the ground rather than waiting for revenues of a mining company. It was seen as very successful. Why was that? The amount of dollars spent on greenfields exploration in Canada accelerated after that moment in time and became a much larger part of the global bucket of spend than Canada had prior to that. The scheme was introduced at about the same time that diamonds were found in Canada. It is always difficult to know whether the increase was because of diamonds being found, which sparked lots of other people to start looking in Canada, or whether it was the flow-through share scheme. Unfortunately you are never going to be able to tell that. What you are going to be able to tell is that the flow-through shares came in and exploration expenditure went up.

What do we learn from that? I think that Canada is a pretty good place for Australia to compare and contrast itself with. I can assure you that the Canadians do that of us as well, and they were very happy when we started talking about the RSPT and the carbon tax. They loved it. They do see that they are the most directly comparable Western country to us. They have a relatively large land mass and not many people get in the way of it, but there are a number of other challenges there. They do compare and contrast. What we should learn from it is that they encouraged the mining sector to go and do it in their own backyard and indicated that they would help it as much as they could. I do not think we have seen that in Australia for a long period of time. That is probably a federal thing more than a Victorian thing.

But if I then think of state lines, South Australia did the best that it could, and I think that was a very successful strategy that South Australia did put into place, and it did lead to people looking quite actively in South Australia, whereas it was not many years before that no-one was interested in South Australia at all. It was not seen as a good place to go because there was a fair bit of cover and it was going to be quite hard to find some of the stuff, but the encouragement they got did lead people there.

The ACTING CHAIR — So in essence you need complementary federal as well as state policies that foster a long-term vision for the sector?

Mr GOLDSMITH — That is the preferable one, but if you wait for one before you do the other, then you will never — —

The ACTING CHAIR — It will never happen.

Mr GOLDSMITH — It will never happen, because it will not happen at the same time, will it? Certainly, as I said, I think South Australia has been a pretty good example of a state of this country that has recognised that it was nowhere and has done something to try to arrest that and change it. The snag with it is it just takes a very long time to actually lead to real revenues and benefits for the State. But I think it is happening now.

Mr NOONAN — To a degree we are going around and around a bit with this, but we are trying to tease out some of the details. The Committee has to look at both the drivers and barriers to greenfields mineral exploration. I suppose it would be useful to understand it from your point of view. You have mentioned South Australia; we are here to make recommendations to the Victorian Government for it to consider. What would your advice then be if you were able to provide direct input to the Victorian Government about those sorts of things that you think would influence both the drivers and barriers to greenfields mineral exploration in Victoria?

Mr GOLDSMITH — Certainly, not being a geologist, I will not get into the technical aspects of it, but I expect you will have a number of them coming through, and I would certainly ask that question to understand the early phases of geology which the State can invest in and give out information on, which will give people a positive start. I think that is crucial. The other piece which I think is equally crucial is how it is communicated to the world. It is something that we tend not to do very well. When I say ‘how it is communicated to the world’ I guess what I am thinking is: we as a state decide we want to do this, we think this is the right strategy so we work out exactly what we are going to do, and then we must make sure we are all singing from the same songbook, make a song and dance about it but then keep on reminding people. I mentioned my role with China in trying to help Chinese companies invest into Australia. It is not just mining, but 80 per cent of it, at least, is. Every year they have a conference, and the day before a bunch of different states of Australia will go up there and do a dog and pony show, and it will always be Western Australia, it will always be Northern Territory and then there might be one or two others, always on message: ‘We welcome you. We’re open to business. Please come here. This state is the best’.

The ACTING CHAIR — No Victoria?

Mr GOLDSMITH — No. I cannot say I remember. I have not sat in on a Victorian one; there may have been, but I cannot recall it, so I would not commit to that. Over the years it has always been WA and Northern Territory. They spend a lot of time and effort doing that. It is the consistent message which is the key. It is all well and good doing it and making a song and dance at the time, but to keep on refreshing everyone’s memories about it is the key.

Mr NOONAN — I suppose they are the drivers — the technological information or the geological information, how it is communicated, who it is communicated to and whether it is consistent — but in terms of barriers is there anything that you want to offer to the Committee in relation to recommendations that you would consider the Committee should be making perhaps when we get to writing our report in relation to removing them in order to help develop greenfields exploration in Victoria?

Mr GOLDSMITH — I am probably not the best person to be answering that. People who have been doing work on the ground will be able to tell you what their challenges have been, but in general terms you would want to know that you can get access to the area you want, you can get on and do your work and you can convert it and feel confident that you are going to be able to develop it, all within a reasonable time frame. Clearly no-one is trying to suggest that you should be able to run roughshod over anything here, but knowing that you can have all those bits move relatively quickly is important.

As you see people come through with experience and they are asked what the things were that hampered them, often it is that someone who lives down at such and such thinks it will make too much noise or something like that and it gets caught up for a year in a local council, or whatever it might be. Those are things you want to try to avoid, where you say, ‘Okay, how do I address these things to make it move forward quickly?’

Mr NOONAN — Without prolonging the question, is there any suggestion in relation to that aspect that Victoria is dragging the chain at the moment and therefore is not an attractive place to do greenfields exploration on the basis of access? There is some sensitivity about these sorts of issues in other states at the moment.

Mr GOLDSMITH — I do not think I am the right person to answer that.

The ACTING CHAIR — Thank you for that. We welcome our Chair, who will not be in the jockey's seat until you have completed your evidence. You may seek to ask a question, if you would like, Chair.

Mr BURGESS — I did not hear enough of the presentation. I have read it, but a couple of the questions I had have already been covered, such as: what are the barriers and what is your perception of the prospectivity? I was not here for that answer.

Mr GOLDSMITH — Yes, I did say to ask a geologist rather than me, but in simple terms I cannot see why it should not be as good as elsewhere in Australia. But a geologist, who can talk about the age of the rocks and that sort of stuff, would be able to answer that better than I can. I think there is a deep-seated, long-term view that Victoria has not been a place to look at, which is part of why the consistency and the regularity of making the message is going to be important. If it is just saying, 'We're open for business', people will not believe it the first time.

The ACTING CHAIR — Thank you very much for the helicopter view.

Mr GOLDSMITH — No problem.

The ACTING CHAIR — That is always very useful, especially in the early parts of an inquiry. Thank you for answering the questions from Committee members and for making the time available. You will receive a transcript of the proceedings in about a fortnight. You are invited to make appropriate corrections to typographical and minor errors but obviously not to matters of substance.

Mr GOLDSMITH — Sure.

The ACTING CHAIR — Could you please get that back to us pretty promptly. That would mean we would be in a position to proceed with making those submissions public. If there are any follow-up questions, I hope our Executive Officer can contact you in the future. Thank you so much for your time.

Witness withdrew.