

Mainly Coal Advocacy

What does the MCA stand for?

The Minerals Council of Australia featured in 1,594 Australian news stories in the last year mentioning coal. This was three times more than iron ore, far more than any other mineral.

Yet only 16 of the MCA's 45 members mine coal at all. Just 3 are entirely focused on thermal coal. The biggest members, BHP and Rio Tinto, derive less than 10% of Australian revenue from thermal coal.

The mismatch between coal's importance to its members and MCA lobbying effort is causing tension in Australia's most powerful lobby group

Discussion paper

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October 2017

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ISSN: 1836-9014

Summary

The Minerals Council of Australia (MCA) is the peak body for Australia's mining industry and one of the most powerful lobby groups in the country. It boasts of having abolished Australia's carbon price and is widely acknowledged as a major political player.

Despite the MCA's focus on coal, its members are diverse, with investments in iron ore, bauxite, gold, uranium, lithium and many other minerals. Some are mine owners, others are explorers and service companies.

Of the 45 full member companies, only 16 are involved in coal mining in Australia. Two thirds of the MCA member companies do not mine any coal in Australia.

Even among MCA companies that only mine coal, much of their revenue is from metallurgical coal, used for making steel, not thermal coal, used in power plants and is a key source of greenhouse gas emissions and in competition with renewable energy. Only three are entirely focused on thermal coal – Adani, Centennial and New Hope.

The 'big two', BHP and Rio Tinto, account for most of the estimated revenue of MCA members. Only around 6% of their total estimated revenue comes from thermal coal, and these companies are reducing their coal exposure. One commentator noted:

Both are clearly moving away from thermal coal, but it's a case of not wanting to spook potential buyers, so they are never going to come out publicly and say they are divesting coal.¹

Despite this, media analysis in this report shows that over the last year the MCA has overwhelmingly focused its energy on promoting coal and opposing cleaner energy sources like renewables.

Among media stories over the past year, stories mentioning the MCA and coal were far more numerous than stories mentioning the MCA and any other commodity produced by MCA members. There were 1,594 stories mentioning the MCA and coal. That was more than three times as many stories that mentioned the MCA and iron ore – Australia's largest export commodity.

¹ Grigg (2015) *BHP and Rio Tinto are quietly exiting coal*, <http://www.afr.com/business/mining/coal/bhp-and-rio-tinto-are-quietly-exiting-coal-20151202-glido0o#ixzz4twatnXkj>

There were more than twice as many mentions of the MCA and renewables than there were of the MCA and iron ore. Renewables stories generally advocate for coal generation as an alternative or necessary addition to renewables, rather than the potential for renewables to drive growth for commodities such as copper and lithium. There were very few stories with the MCA promoting these commodities and others like gold, zinc or uranium.

The MCA's overwhelming focus on coal is a continuation of many years of pro-coal advocacy. The MCA was closely involved with a self-described "greenhouse mafia" that disrupted domestic and international climate policy, it campaigned successfully to make Australia first in the world to abolish a working carbon price, and has recently opposed a new Clean Energy Target supported by most other energy industry groups while calling for subsidies to coal power plants and export infrastructure.

The success of MCA's current advocacy has led to tensions within MCA - in particular, with those who want certainty in energy policy, who do not support subsidies to coal, and who do not want to be viewed as obstructionist on climate change. One large company with coal power plants, AGL, has left the MCA, citing disagreements over energy policy. BHP has recently announced a review of its lobby group membership over climate policy, specifically its membership of the MCA.

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Introduction

In February 2017 federal Ministers brought a lump of coal into Australian Parliament and passed it around while laughing and attacking the Opposition on energy policy. The government later explained this prop was provided by the Minerals Council of Australia (MCA).²

The MCA is Australia's peak mining body and one of the most powerful and influential lobby groups in the country. Perhaps its greatest hits have been its impact on the Rudd-Gillard governments, including the stymying of early carbon pricing proposals and the abolition of Australia's world-leading carbon price, making Australia the first in the world to do so. The MCA is also widely attributed with 'bringing down' Prime Minister Rudd over his government's proposed mining tax, which was renegotiated with the new Prime Minister Gillard and then abolished under Prime Minister Abbott.³ The MCA itself boasted about this influence in an annual report:

The MCA was at the forefront of the debates over the carbon and mining taxes;⁴ and their abolition (expected after July 2014) will be in no small part due to the council's determined advocacy on both issues.⁵

Much of the MCA's power comes from its two largest members, corporate behemoths BHP and Rio Tinto. These 'Big Two' are highly diversified companies. So is the broader membership, which consists of 45 member companies of all sizes, operating across a range of commodities and activities. Some are competitors mining the same commodity, while others mine competing commodities, for example coal, uranium and lithium and other minerals linked to renewables and storage. While most own operating mines, several members are involved primarily in exploration, and two members, Downer EDI Mining and Thiess, are service providers. A number engage in significant activities outside of the mining sector.

² Murphy (2017) *Scott Morrison brings coal to question time: what fresh idiocy is this?*

<https://www.theguardian.com/australia-news/2017/feb/09/scott-morrison-brings-coal-to-question-time-what-fresh-idiocy-is-this>

³ Davis (2011) *A snip at \$22m to get rid of PM* <http://www.smh.com.au/business/a-snip-at-22m-to-get-rid-of-pm-20110201-1acgi.html>

⁴ The mining industry ran an aggressive public campaign against a proposed super-profits mining tax that would have seen Australia retain a greater share of mineral wealth during a price boom. This culminated in a change of Prime Minister and an immediate, industry-lead re-write of the legislation.

⁵ MCA (2013) *Annual Report*

http://www.minerals.org.au/news/2013_annual_report_minerals_council_of_australia

Companies are eligible to be full members of the MCA if they are “directly involved in mining, prospecting or contracting activities relating to the obtaining, concentrating, smelting ore (sic) refining of minerals”.⁶ The following section is a more detailed assessment of the MCA’s members’ interests and to what extent they are involved in coal mining, particularly thermal coal for use in power stations.

⁶ MCA (n.d.) *MCA membership*, http://www.minerals.org.au/mca/mca_membership. Note this report focuses on full members of the MCA. There are also associate members with a still broader range of interests. See Appendix 2 for more information on members.

Coal and the MCA membership

Despite Australia being a large coal producer, and the world’s largest exporter, most MCA members are not involved in coal at all. Indeed, many members have a small and declining interest in coal, in particular in thermal coal for power plants.

As Table 1 shows below, of the 45 full member companies, only 16 have any operations involved in coal mining in Australia. Two thirds of the MCA member companies do not mine any coal in Australia. Still fewer mine thermal coal – the coal used for electricity generation, a key source of greenhouse gas emissions and in competition with renewable energy:

Table 1 – MCA members and thermal coal

	Number of MCA Members
Total members	45
Members with	
no Australian coal mining interests	29
any Australian coal mining interests	16
Members with Australian thermal coal revenues of:	
100%	3
50%-99%	4
25%-49%	4
1%-25%	5

Sources: See Appendix 2

As shown in Table 1, only three MCA member companies currently or plan to derive *all* of their revenue from thermal coal: Centennial Coal, New Hope Coal, and Adani Mining.⁷ A further four MCA member companies derive *most* of their Australian revenue from thermal coal: Glencore, Whitehaven Coal, Idemitsu Australia Resources and The Bloomfield Group.

⁷ Adani’s corporate structure is complex. The Adani MCA member company is not currently producing thermal coal, but another Adani subsidiary is reporting taxable income from its coal port. The Adani Group’s proposed Carmichael mine would mine 100% thermal coal. New Hope Coal derives a very small amount of revenue from an oil subsidiary.

A further four MCA members derive a substantial minority of Australian revenue from thermal coal (reported or estimated between 25%-49%). These companies are coal focused, but more revenue comes from higher grade metallurgical coal used for steel making: Wesfarmers Resources, Peabody Energy, The Jellinbah Group, and Thiess. Both Wesfarmers Resources and Thiess are subsidiaries of much larger and highly diversified parent groups not focused on mining.

The remaining MCA member companies produce either a small share of revenue from thermal coal, or produce no coal at all. This includes the Big Two – Rio Tinto and BHP.

THE BIG TWO: COAL SHARE IS SMALL & DECLINING

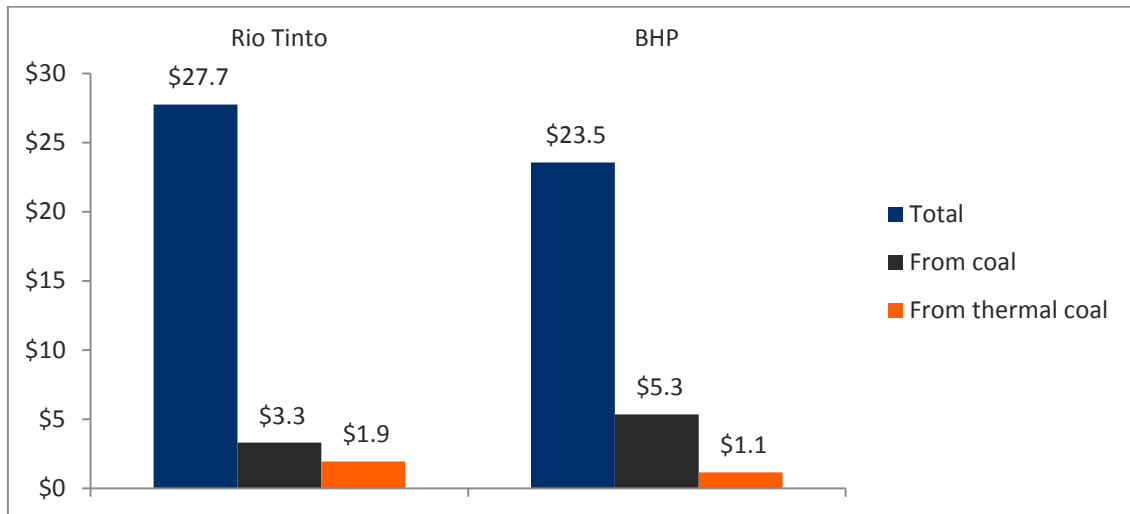
The two largest MCA members are BHP and Rio Tinto. They are both highly diversified international mining companies, with dual listings on stock exchanges both in Australia and the UK. Both have operations all over the world. Both are among the largest companies operating or listed in Australia. BHP is the largest mining company in the world; Rio Tinto is the second largest.⁸

The combined Australian revenue of these companies, based on 2016 Annual Reports, was estimated at \$51.2bn. This represents approximately two thirds of estimated MCA member company revenue from Australian operations.

Both companies have coal mining operations in Australia, but coal represents only a small proportion of their Australian revenue. Thermal coal represents an even smaller proportion of their Australian revenue. This is shown in Figure 1.

⁸ Els (2017) *Top 50 biggest mining companies* <http://www.mining.com/top-50-biggest-mining-companies/>

Figure 1 – Estimated ‘Big Two’ Australian revenue (A\$ billions)



Source: See Appendix 2.

As shown in Figure 1, BHP’s total coal revenue in Australia amounted to 23% of its reported Australian revenue. Most of this relates to metallurgical coal mining in Queensland. Some thermal coal is produced there, but BHP does not report separately. BHP’s thermal coal mining operations in NSW constitute only 5% of BHP’s Australian revenue.

Rio Tinto’s coal interests in Australia, including metallurgical coal, make up 12% of its estimated Australian revenue; the majority comes from iron ore and bauxite. Thermal coal is estimated to account for less than 7% of Rio Tinto’s Australian revenue.⁹

In short, the two largest and most important MCA members – which make up approximately two-thirds of the entire Australian revenue of MCA combined – derive around 6% of their Australian revenue from thermal coal.

Furthermore, Rio Tinto has in recent years been selling down its coal assets, and recently announced the "the sale of our thermal coal business in Australia", namely in the Hunter Valley.¹⁰ Rio Tinto also intends to sell its Queensland coal assets, which are mainly metallurgical coal.¹¹

⁹ This is Australian coal revenue by the share of all production that is thermal. Note coking coal receives higher prices than thermal coal.

¹⁰ Rio Tinto (2 August 2017) *Press release*, http://www.riotinto.com/media/media-releases-237_22922.aspx

¹¹ Carter and Murdoch (2017) *Rio turns attention to \$2bn Queensland coalmine sale*, <http://www.theaustralian.com.au/business/dataroom/rio-turns-attention-to-2bn-queensland-coalmine-sale/news-story/2c13ac4925b5165f69a1ca409cb809f8>

Importantly, both Rio Tinto and BHP have been moving away from thermal coal over a number of years. In 2015 it was reported that Rio Tinto's global thermal coal production had fallen 85% since 2008, while BHP's had halved, with one analyst stating:

Both are clearly moving away from thermal coal, but it's a case of not wanting to spook potential buyers, so they are never going to come out publicly and say they are divesting coal.¹²

OTHERS ARE PULLING OUT OF COAL

Most MCA members do not mine or plan to mine coal, and a number of members have announced plans to abandon projects or phase out coal.

AGL, Australia's largest power company and largest greenhouse gas polluter, pulled out of the MCA in 2016, citing disagreements over climate and energy policy.¹³ AGL plans to phase out its coal power plants by 2050.

Engie, a larger international energy company part owned by the French government, no longer mines coal in Australia, after the closure of the Hazelwood power plant and associated coal mine. It purchases coal for its Loy Yang B power station from operator of the adjacent mine.¹⁴

Smaller members have also made announcements distancing themselves from coal. Mecrus has "ruled out coal and coal bed methane as exploration targets"¹⁵ while Mantle have also announced "its intention to divest its coal interests and to focus on gold."¹⁶

It is clear both the Big Two and the MCA membership as a whole are mainly focused on commodities other than thermal coal. Despite this, the MCA's advocacy has focused primarily on promoting coal, in particular thermal coal.

¹² Grigg (2015) *BHP and Rio Tinto are quietly exiting coal*, <http://www.afr.com/business/mining/coal/bhp-and-rio-tinto-are-quietly-exiting-coal-20151202-gldo0o#ixzz4twatnXkj>

¹³ AGL (2016) *Sustainability Report – Public Policy Engagement* <http://agl2016.sustainability-report.com.au/how-we-operate/public-policy-engagement>

¹⁴ Engie (2017) *Mining Coal* <http://www.gdfsuezau.com/education/Mining-Coal>

¹⁵ Mecrus (nd) *What we do* <https://www.mecrus.com.au/what-we-do-mineral-exploration.htm>

¹⁶ Mantle (2016) *Annual Report* <https://mantlemining.com/wp-content/uploads/2016/11/Mantle-Mining-Corporation-Limited-Annual-Report-2016.pdf> page 9

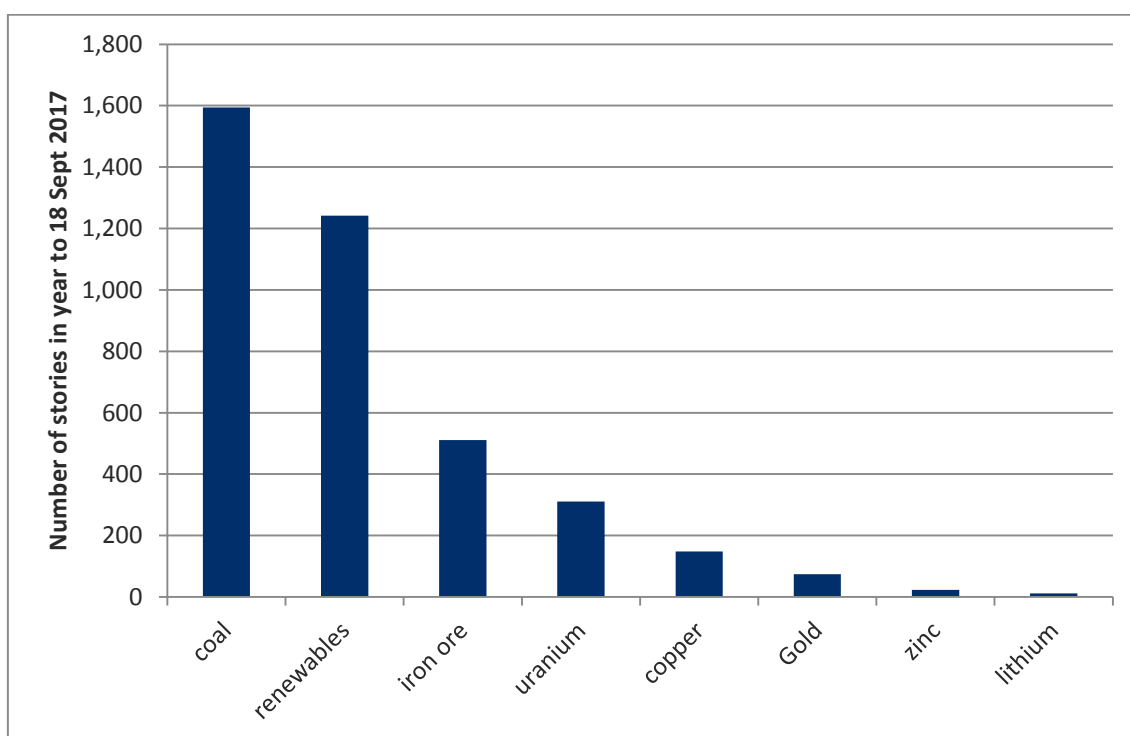
Analysis of MCA media coverage

The MCA’s media presence over the past year has overwhelmingly focused on coal, at far greater levels than other commodities produced by MCA members.

The Australia Institute commissioned Meltwater media monitoring service to assess media in Australia across all outlets mentioning the MCA and key words in the twelve months to 18 Sept 2017.¹⁷ Full details are available in Appendix 2, including estimations of ‘reach’ (potential individual views of stories).

There were 3,229 stories in this period mentioning the Minerals Council. As shown in Figure 2 below, the MCA was mentioned in 1,594 stories that also mentioned coal. Stories on the MCA and coal feature three times more frequently than MCA and iron ore, Australia’s largest single export commodity.

Figure 2 – Media mentioning “Minerals Council” and...



Source: The Australia Institute analysis of Meltwater data, described in text

The MCA’s public focus on thermal coal and its role in the energy debate is also clear from coverage mentioning the MCA and renewable energy. Coverage of the MCA and

¹⁷ See Appendix 1 for more details and full results.

renewables was around two and half times more plentiful as the MCA and iron ore. While stories mentioning renewables had a lower reach on average than those mentioning coal, MCA and renewables had around double the reach of MCA and iron ore, and more than double those mentioning uranium and nuclear power.

The MCA's interventions in the renewable energy debate generally advocate for coal generation as an alternative or necessary addition to renewables. Examples from this year include claims that new coal-fired power stations would be cheaper than new solar and wind farms,¹⁸ claims widely criticised by energy analysts,¹⁹ and then-MCA CEO Brendan Pearson arguing that renewable energy subsidies "tilted the playing field" against coal.²⁰ Some stories emphasise that renewable technologies use Australian minerals, such as the metallurgical coal required to produce the steel used for wind turbines. The emphasis is almost always on the need for mining and coal, and rarely on the potential for renewables to drive growth for commodities such as copper and lithium.²¹

Other commodities produced by MCA members all received even lower levels of coverage. Despite market interest in lithium sparked by the uptake of household and electric vehicle battery systems, and proposals for the world's biggest lithium mines in Australia,²² there was nearly no coverage of lithium associated with the MCA.

This dominant focus on coal and renewables does not reflect a lack of other mining-related news in this period. Glencore's McArthur River zinc mine has rarely been out of the headlines. The MCA advocated for reconsidering Australia's ban on nuclear power and contributed to debate about a nuclear waste dump in South Australia. The Western Australian election featured a high profile proposal to increase state government revenue from iron ore mining. Despite these events, MCA stories on coal

¹⁸ Ludlow (2017) *Hele coal cheaper than previously thought says MCA*

<http://www.afr.com/news/politics/hele-coal-cheaper-than-previously-thought-says-mca-20170702-gx2vzc>

¹⁹ Potter (2017) *Don't buy the Minerals Council costings of coal power*

<http://www.afr.com/business/energy/dont-buy-the-minerals-council-costings-of-coal-power-20170705-gx5enx>

²⁰ Pearson (2017) *Wind and solar can only win on a tilted playing field*

<http://www.afr.com/opinion/columnists/wind-and-solar-can-only-win-on-a-tilted-playing-field-20170313-guws70>

²¹ See for example Business Spectator (2014) *Minerals Council launches 'Australians for coal' website*,

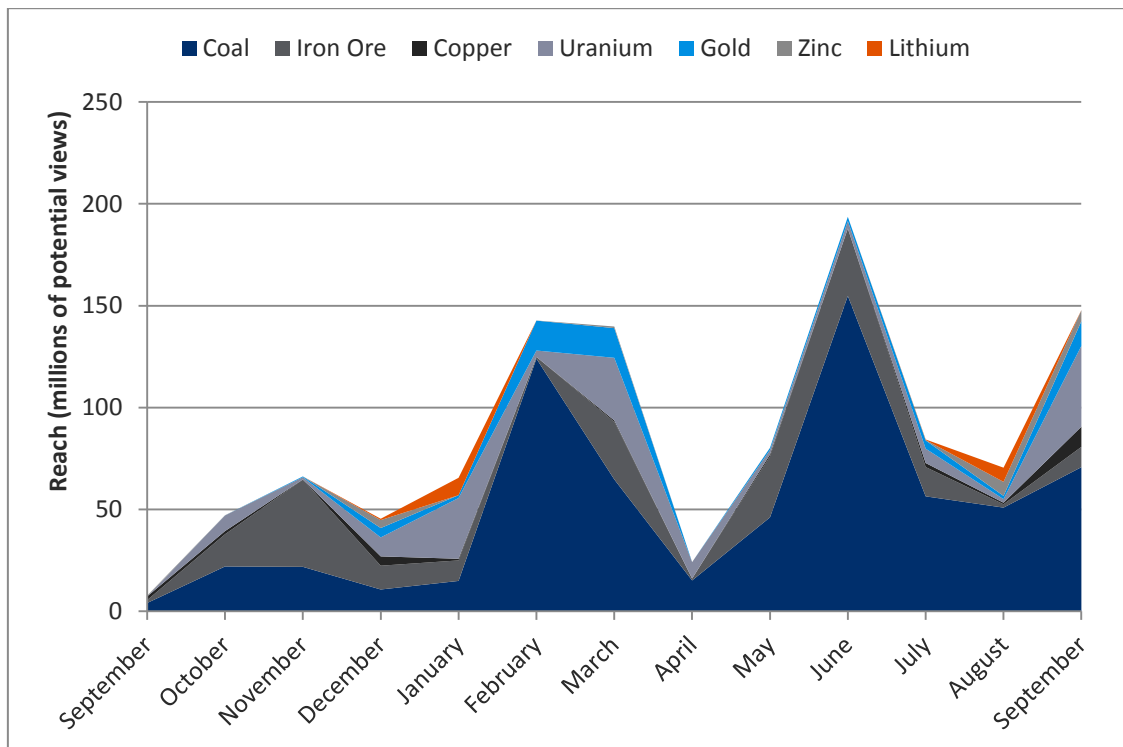
<http://www.theaustralian.com.au/business/business-spectator/minerals-council-launches-australians-for-coal-website/news-story/64ec282fcfa072eea0db0f4a949cbecef?nk=9b2562958aa0c951294be231b3ae4c88-1507267681>

²² AAP (2016) *Why Australia will be at centre of lithium boom*

<http://www.afr.com/business/mining/why-australia-will-be-at-centre-of-lithium-boom-20160803-gqkmjo>

dominated their media coverage as a whole and in each of 11 out of 12 months, as shown in Figure 3 below:

Figure 3 – Media reach by month of stories mentioning “Minerals Council” and ...



Source: The Australia Institute analysis of Meltwater data, described in text and in Appendix 2. Note some stories refer to multiple commodities.

Figure 3 shows particular spikes for mentions in February and June, during pivotal moments in Australian energy debates. February saw the famous lump of coal waved around in Parliament and, probably not coincidentally, the launch of the MCA’s latest coal-focused ad campaign. June saw the MCA advocate strongly for new brown coal-fired power stations and endorse Adani’s “green light” of the Carmichael project.

The only month in which coverage of any commodity exceeded that of coal, was during the iron ore price spike in November. In every other month over the period, coal was the MCA’s focus.

MCA's ongoing coal advocacy

The MCA's overwhelming focus on coal advocacy is not consistent with the makeup of its membership, and with the member revenues from which it derives membership fees. But it is fully consistent with the MCA's long and successful history of obstruction on climate and energy policy.

During the Howard Government (1996–2007), the MCA was closely associated with a self-proclaimed 'greenhouse mafia' who used links between government, business and the bureaucracy to help prevent effective climate action.²³ The greenhouse mafia claimed to be responsible for holding back effective national policy to reduce energy emissions, and for Australia's international obstructionism. Australia demanded special concessions under the Kyoto Protocol, which it then refused to sign.

In recent years, the MCA has lobbied continuously for government support for so-called 'high efficiency low emissions' coal power. In the lead up to the 2016 federal election it spent \$2.5 million on advertising to promote coal, which came from a fund intended for research and development.²⁴

MCA's advocacy escalated in response to the Clean Energy Target (CET), a mechanism to reduce energy emissions proposed by Chief Scientist Alan Finkel in a government commissioned report. The MCA opposes a CET that does not include coal and argues for other government financial support to build new coal power plants in Australia.

MCA supports concessional loans to mining projects through the Northern Australia Infrastructure Facility (NAIF).²⁵ MCA has remained silent on a controversial NAIF bid from Adani, an MCA member, for up to \$1 billion in concessional finance for the construction of a coal rail line to facilitate coal mining in the Galilee Basin. A number of coal companies in competition with Adani have raised concerns about negative impacts on them from this proposed subsidy, including MCA members Glencore²⁶ and

²³ Hamilton (2007) *Scorcher, The Dirty Politics of Climate Change*

²⁴ Aston (2017) *Mining industry tipped millions into pre-election clean coal campaign*
<http://www.smh.com.au/federal-politics/political-news/mining-industry-tipped-millions-into-preelection-clean-coal-campaign-20170216-guf3x7.html>

²⁵ Minerals Council of Australia (2017) Pre-budget submission 2017-18
https://static.treasury.gov.au/uploads/sites/1/2017/06/C2016-052_Minerals-Council-of-Australia.pdf

²⁶ Robins (2015) *Glencore warns on taxpayer support for new coal projects*
<http://www.smh.com.au/business/mining-and-resources/glencore-warns-on-taxpayer-support-for-new-coal-projects-20151007-gk3h5y.html>

Anglo American,²⁷ and resources analysts Wood MacKenzie in a report commissioned by the owners of the Port of Newcastle, the world's largest coal export port.²⁸

The MCA has spearheaded a push to remove tax-deductible donation eligibility from groups engaged in environmental advocacy. This would dramatically reduce environmental advocacy in Australia, while still allowing groups like the MCA to be funded in effect by tax deductible member fees.²⁹ Public polling shows that most Australians do not think environmental groups have too much influence, but most do think mining groups are too influential.³⁰

Not only public polling is turning against the MCA, however. Some of its members are beginning to call for change.

²⁷ Chambers (2017) *Anglo American opposes government loan for Adani mine*, <http://www.theaustralian.com.au/business/mining-energy/anglo-american-opposes-government-loan-for-adani-mine/news-story/47b040f611aec0b3a9d07792491c4144>

²⁸ Long (2017) *Galilee Basin mines will slash coal output, jobs elsewhere, Wood Mackenzie says* <http://www.abc.net.au/news/2017-07-06/galilee-basin-mining-project-will-reduce-coal-output:-research/8682164>

²⁹ Campbell et al (2015) *Powers of Deduction – Tax deductions to environmental organisations and the mining industry* <http://www.tai.org.au/content/powers-deduction-tax-deductions-environmental-organisations-and-mining-industry>

³⁰ Swann (2015) *Who Says? Public support for environmental advocacy* <http://www.tai.org.au/content/who-says-public-support-environmental-advocacy>

Tensions within the MCA

The success of the MCA's recent pro-coal and pro-subsidy advocacy has generated tensions with some member companies. In 2016, Australia's largest greenhouse gas emitter, AGL, left the MCA citing disagreements on climate change. AGL is a large energy retailer and generator, with substantial coal and gas power generation assets, now promoting plans to reduce emissions.³¹ In its 2016 Annual Report AGL stated

AGL's positions on climate change and renewable energy differed from those held by the Minerals Council of Australia and the Australian Petroleum Production and Exploration Association, and AGL has elected not to renew its membership of these organisations.³²

AGL has announced plans to shut down its coal power plant fleet by 2050. While this time frame has been criticised by some for being too slow, the Turnbull government is now applying public pressure to AGL to keep its aging Liddell coal power plant open for a further five years.³³

In 2017 tensions were reported between BHP and Rio Tinto and the MCA over its advocacy for coal and against the Clean Energy Target.³⁴ BHP told an event hosted by the MCA that it did not agree with all of its policy positions on climate and energy.³⁵ Subsequently, BHP shareholders lodged a resolution to reconsider lobby group membership where actions were inconsistent with BHP's policy positions.³⁶ BHP

³¹ AGL (2017) *Our Approach to Greenhouse Gas Emissions and Climate Change*

<http://aglblog.com.au/2017/09/our-approach-to-greenhouse-gas-emissions-and-climate-change-in-fy17/>

³² AGL (2016) *Sustainability Report – Public Policy Engagement* <http://agl2016.sustainability-report.com.au/how-we-operate/public-policy-engagement>

³³ MacDonald-Smith, Potter (2017) *Malcolm Turnbull and AGL Energy on Liddell collision course* <http://www.afr.com/business/energy/electricity/malcolm-turnbull-and-agl-energy-on-liddell-collision-course-20170927-gypteu>

³⁴ Stevens (2017) *Tensions at MCA over coal-focused Finkel Strategy* <http://www.afr.com/business/tensions-at-mca-over-finkel-strategy-20170806-gxq7xn>

³⁵ Morgan (2017) *BHP considering Minerals Council exit over lobby group's climate policies* <http://www.abc.net.au/news/2017-09-19/bhp-considering-quitting-minerals-council/8960298>

³⁶ Stevens (2017) *Mining Lobby Fiddles as Community Trust Hits Tipping Point* <http://www.afr.com/business/mining-lobby-fiddles-as-community-trust-hits-tipping-point-20170907-gycv0h>

announced it would review all memberships of lobby groups and publish a list of disagreements over climate and energy policy.³⁷

Beyond its members, other industry groups, companies and analysts have publicly distanced themselves from MCA claims, particularly around building new coal power plants, citing cheaper renewable power, increased needs for flexibility and growing carbon risk. Examples include:

- Australian Industry Group – whose members include many heavy energy users;³⁸
- Australian Energy Council – representing electricity generating companies;³⁹
- AGL – Australia’s largest energy company;⁴⁰
- Numerous analysts, including from Bloomberg New Energy Finance,⁴¹ Citi⁴², and respected commentator Alan Kohler.⁴³

³⁷ BHP (2017) *Industry associations - BHP's approach* <http://www.bhp.com/our-approach/operating-with-integrity/industry-associations-bhps-approach>

³⁸ AIG (2017) *Should we be looking at new coal-fired power stations?* <http://blog.aigroup.com.au/should-we-be-looking-at-new-coal-fired-power-stations/>

³⁹ Priftakis (2017) *Will coal play a role in the NEM?* <https://www.energycouncil.com.au/analysis/will-coal-play-a-role-in-the-new-nem/>

⁴⁰ AGL (2017) *Making an orderly transition out of coal* <https://content.agl.com.au/energy/making-an-orderly-transition-out-of-coal/>

⁴¹ Vorrath (2017) *“Clean coal” most expensive new power supply, says BNEF (and not all that clean)* <http://reneweconomy.com.au/clean-coal-most-expensive-new-power-supply-says-bnef-and-not-all-that-clean-74531/>

⁴² Vorrath (2015) *Citi: Don't expect clean coal to save the planet* <http://reneweconomy.com.au/citi-dont-expect-clean-coal-to-save-the-planet-80388/>

⁴³ Kohler (2017) *The Great Coal Hoax* <http://www.theaustralian.com.au/business/opinion/alan-kohler/the-great-coal-hoax/news-story/e147d348f24852838ff73bc5940b0e58>

Conclusion

Australia's electricity sector is dominated by coal, and Australia is the world's largest coal exporter, with proposed mines that would again double coal exports.⁴⁴ The MCA has sought to promote the ongoing production and consumption of coal in Australia, by opposing climate policy and promoting government subsidies for coal.

In the Paris Agreement the world committed to decarbonise its economy. A world tackling climate change means using use less coal, not more. To meet this target, 95% of Australia's coal must stay underground;⁴⁵ there is no space for new thermal coal supply in a world that is attempting to limit global warming to under 2 degrees.⁴⁶

The MCA's coal advocacy is inconsistent with the commitments, policy positions, and financial interests of members that support a well-managed transition in Australia's energy system that meets Australian targets under the Paris Agreement. This inconsistency is most acute for member companies, like BHP, who claim to "have established ourselves as a leader in our sector" on climate change.⁴⁷

Companies who think such claims should be taken seriously cannot at the same time remain financial members of a lobby group that advocates against carbon pricing and for subsidies for coal.

⁴⁴ Denniss (2015) *When You are in a Hole, Stop Digging* <http://www.tai.org.au/content/when-you-are-hole-stop-digging>

⁴⁵ McGlade and Ekins (2015) *The geographical distribution of fossil fuels unused when limiting global warming to 2 °C*, Nature <https://www.ncbi.nlm.nih.gov/pubmed/25567285>

⁴⁶ Carbon Tracker (2015) *The \$2 trillion stranded assets danger zone* <http://www.carbontracker.org/report/stranded-assets-danger-zone/>

⁴⁷ BHP (2017) *Sustainability Report*. <http://www.bhp.com/-/media/documents/investors/annual-reports/2017/bhpsustainabilityreport2017.pdf?>

Appendix 1: MCA media coverage

The Meltwater media monitoring service was used to assess media in Australia across all outlets mentioning the MCA in the past twelve months (to 18 Sept 2017). The search was then restricted to those stories mentioning the MCA as well as one of a number of commodities produced by MCA members.

All searches included “Minerals Council”. All searches excluded “NSW Minerals Council” and “Minerals Council of NSW”, being a separate state-level lobby group that is also focused on coal. Search results for “uranium” also included “nuclear”, while “iron ore” was searched simply as “iron”. A further search was conducted for “renewables” (including “renewable” or “renewable energy”).

For most outlets the Meltwater service provides estimates of ‘reach’, the number of people who potentially saw the story, and ‘advertising value estimate’ (AVE), based on reach. These data provide context of scale and means of comparison across different stories. This is necessary, as some stories are duplicated across outlets, and outlets vary from small industry newsletters to national television.

A number of further caveats are necessary. The results capture stories mentioning the MCA and certain commodities in any way, and do not show the role the MCA plays in the story. It is also important to note reach, and thus AVE, is based on circulation and audience estimates for whole outlets.⁴⁸ They are not precise measurements of the number of people who actually observed the coverage, or saw the part of the story that referred to the MCA in particular. AVE does not represent monetisable value and is included here to provide comparison of magnitude.

Stories were included only from Australian outlets. This removed some stories from UK outlets with very high reach and AVE. Most of these stories mentioned MCA in relation to coal and renewables.

Results are shown in Table 2:

⁴⁸ For online sites, this is the monthly average of unique visitors to the whole site. Otherwise it is based on data on publication circulation or show audience.

Table 2 - MCA media coverage over twelve months to 18 Sept 2017

Mentioning:	Number of stories	Reach	Advertising Value Estimate
MCA	3,229	1,330,194,869	\$ 12,304,303
and			
coal	1,594	656,414,136	\$ 6,071,831
renewables	1,242	383,106,009	\$ 3,543,731
iron ore	511	200,804,001	\$ 1,857,437
uranium	311	144,123,762	\$ 1,333,145
copper	148	23,196,045	\$ 214,563
gold	74	56,473,705	\$ 522,382
zinc	23	17,680,127	\$ 163,541
lithium	12	16,513,966	\$ 152,754

Appendix 2: MCA members

This paper focuses only on full members of the MCA as listed in the 2016 Annual Report.

The MCA also has 32 associate members. Associate membership is available to groups that “carry on as their principal business the supply of equipment, materials, services or capital to a company eligible for Full Membership”.⁴⁹ Associate members currently include companies like IBM, public bodies like CSIRO and the Australian Nuclear Science and Technology Organisation (ANSTO), and the University of Western Australia.

Other state level mining lobby groups, such as the NSW Minerals Council and the Queensland Resources Council, operate as separate bodies, but are associate members of the MCA. The peak mining lobbying groups for Victoria and the NT are divisions of the MCA. In 2013 the MCA took over the Australian Coal Association, which previously operated as a separate group.

The table below details the 45 full members of the MCA. Sources include company websites, annual reports, investor briefings and tax transparency reports. Australian revenue was chosen as a basis for comparison across a wide range of companies, many of which are private or subsidiaries without separate reporting.

Revenue figures are estimates to provide context for analysis of the MCA, rather than precise estimates for financial analysis or investment purposes. Not all members report annual Australian mineral sales revenue due to their corporate structures, activities and reporting requirements. Some figures are converted from other currencies. Most relate to 2016, but other years were used where they provided a better estimate of Australian revenue. In some cases, production share of thermal vs metallurgical coal are used, setting an upper limit on thermal coal revenue. In other cases, a coal price of \$100/t is used, regardless of period or type of coal. This likely overestimates revenue for thermal coal and underestimates revenue for coking coal.

⁴⁹ MCA (n.d.) *MCA membership*, http://www.minerals.org.au/mca/mca_membership

Member	Estimated Australian minerals sales revenue		Notes	Main commodity	Sources
	Thermal coal (%)	Total (\$m)			
Rio Tinto	7%	\$27,740	Large international diversified miner, primarily iron ore and aluminum. Rio Tinto is in the process of divesting from coal. In Sept 2017 Rio Tinto divested its Hunter Valley thermal coal operations, described as " the sale of our thermal coal business in Australia". Rio Tinto is also selling Qld coal mines (both thermal and coking coal).	Iron ore	Thermal revenue is total production 17.3mt compared to coking coal at 12.2mt in 2016 (page 38 Annual Report). Australian thermal coal revenue estimated pro-rata to production, and so is an overestimate of revenue. Australian total revenue estimated from segment revenue (page 199) and Australian shares of segment output (page 219) http://www.riotinto.com/documents/170901_Rio_Tinto_completes_divestment_of_Coal_Allied_Industries_Limited_for_2.69_billion.pdf , http://www.riotinto.com/documents/170802_Media%20release_Rio_Tinto_2017_half_year_results.pdf , http://www.theaustralian.com.au/business/dataroom/rio-turns-attention-to-2bn-queensland-coalmine-sale/news-story/2c13ac4925b5165f69a1ca409cb809f8

BHP Billiton Ltd	5%	\$23,548	Large diversified international mining company. Iron ore revenue represents around a third of global revenue and half Australian revenue. BHP has coal assets in Australia, mainly Queensland metallurgical coal and some NSW coal, producing around 23% of Australian revenue. Thermal coal is small share of this, just 5%.	Iron ore	NSW Energy coal division, as share of all Australian operations (WA Iron Ore, Qld Coal, NW Shelf, Bass Strait, Aus Production unit, Olympic Dam Copper. USD converted at AUD\$1.25. Source: http://www.bhp.com/-/media/bhp/documents/investors/news/2016/160816_bhpbillitonresultsyearended30june2016.pdf?la=en
Glencore	50%	\$9,404	Large international mining, processing and commodity trading company. Mainly thermal coal mines: Bulga, Clermont, Collinsville, Integra, Liddell, Mangoola, Mount Owen, Oaky Creek, Newlands, Ravensworth, Rolleston, Tahmoor and Ulan.	Coal and minerals	Coal total revenue (page 70), total Australian mining revenue including zinc, copper, nickel and coking coal (page 59) http://www.glencore.com/assets/investors/doc/reports_and_results/2016/GLEN-2016-Annual-Report.pdf
EnergyAustralia	Not available, but low	\$5,831	Yallourn open cut brown coal mine. Limited data as coal output is consumed within the company, which has other generation and retail revenue, in turn owned by CLP group in Hong Kong. EnergyAustralia does not sell any brown coal. Pine Dale Coal mine (black coal) is in care & maintenance	Electricity	Australian CLP Australian revenue (HK\$36,441m) converted from HKD at AUD\$0.16 https://www.clpgroup.com/en/Investors-Information-site/Documents/Financial%20Report%20PDF/e_2016Annual%20Report.pdf

Downer EDI Mining Pty Ltd	17%	\$5,705	Controlled by Downer EDI, services company, a minority of income from mining services, some mining clients in other Divisions. Around half of the customers named for Mining Division mine coal. Doesn't own any mines.	Project services including mining services	Total revenue figure is all services in Australia (page 61), revenue share is for Mining services only and includes both Australia and OS; Engineering, Construction and Maintenance division also services mining companies (page 7) http://www.downergroup.com/Resources/Documents/Investors/Financial-Results--Reports/201617/Full-Year-Results/Annual-Report.pdf
Peabody Energy Australia Pty Ltd	44%	\$2,368	Claims to be "the only global pure-play coal investment" with thermal and metallurgical operations in Australia and US.	Thermal coal, met coal	Segment figures based on last available 12 month figures (six months to 30 June 2017 and six months to 30 June). USD converted to AUD\$1.25 https://www.peabodyenergy.com/Peabody/media/MediaLibrary/Investor%20Info/Investor-Presentation-August-2017-Final.pdf
Newmont Australia Pty Ltd	0%	\$2,067	Large multinational gold mining company, also produces copper. Roughly a third of revenue from Australia.	Gold	Asia Pacific, minus Waihi in NZ, page 133 http://s1.q4cdn.com/259923520/files/doc_financials/annual/2016/Newmont-2016-Annual-Report-Bookmarked-PDF-for-website.pdf
Newcrest Mining Ltd	0%	\$1,733	Large multinational gold mining company. Roughly half of revenue from Australia.	Gold	Australian operations contained in Cadia and Telfer segments (note 4). External sales revenue in 2016 page 102 http://www.newcrest.com.au/media/annual_reports/2016_Annual_Report.pdf

Idemitsu Australia Resources Pty Ltd	74%	\$1,203	Subsidiary of large Japanese energy company. All Australian projects are coal: Boggabri Coal Mine, Muswellbrook Coal, Ensham Resources (Emerald coal mine) and Tarrawonga Joint Venture (with Whitehaven Coal).	Coal	Revenue share estimate based on output share for thermal, Australian revenue estimated conservatively assuming all output is sold at \$100/t http://v4.eir-parts.net/v4Contents/View.aspx?template=ir_material&sid=68349&code=5019
Whitehaven Coal Limited	84%	\$1,164	Coal mining company	Coal	Sales in year ending 30 June 2016 were "thermal (84%) and metallurgical coal products (16%)" https://www.whitehavencoal.com.au/investors/docs/fy2016-results-announcement.pdf
Thiess Pty Ltd	<40%	\$1,056	World's largest mining services company. Provides services for range of minerals and for coal. Of 18 current projects, 10 are in Australia, 8 are in coal. Now part of CIMIC	Diverse mining services	Global mining segment from 2014 Annual Report (most recent, prior to subsumption in CIMIC), multiplied by number of current projects in Australia. Aust share in thermal coal based on share of Australian projects in coal, assuming half of production relates to thermal https://www.thiess.com/files/documents/Thiess%20Annual%20Report%202014.pdf , http://www.thiess.com/projects?view=list&status=current&country=Australia&commodity=thermal-coal
Wesfarmers Resources Ltd	<48%	\$1,008	Coal mining subsidiary of a large, diversified conglomerate. Produces mainly metallurgical coal.	Coal	Thermal coal revenue estimate based on ownership and thermal production capacity of two mines. Annual Report 2016 http://www.wesfarmers.com.au/docs/default-source/reports/2016-annual-report.pdf?sfvrsn=8

Centennial Coal Company Ltd	100%	\$825	Thai-owned NSW-based thermal coal company.	Thermal coal	Converted from USD at AUD\$1.25, Australian revenue from Centennial. Annual report p10 https://www.banpu.com/backoffice/upload/annual_report_42_a8f3f4cf8f89c74313d9ed780d02e9c6.pdf
AngloGold Ashanti Australia Ltd	0%	\$808	Gold mining; only a few Australian projects	Gold	Converted from USD at current rate AUD\$1.25 http://anglogoldashanti.com/wp-content/uploads/2017/08/Interim-2017_Results-Report-21-August-2017.pdf
Jellinbah Group Pty Ltd	25%	\$602	Private coal mining company producing "hard coking coal, low volatile PCI coal, semi-soft coking coal and thermal coal."	Coking coal	Total capacity of 8.6mt per annum from two mines, 70% owned by Jellinbah. Revenue estimated assuming \$100/t coal price. http://www.jellinbah.com.au/profile/
MMG Limited	0%	\$561	Large international minerals company	Copper, other metals	Converted from USD at AUD\$1.25 http://www.mmg.com/en/Investors-and-Media/Reports-and-Presentations/~media/Files/Exchange%20Announcements/Investors%20and%20Media/News/2017/04/20/MMG_Annual-Report2016.pdf
New Hope Corporation Ltd	100%	\$531	Thermal coal mining (6.6 million tonnes 2016) and coal port. Small oil subsidiary.	Thermal coal	Total 2016 revenue: \$53,680,000 loss. Revenue from coal very close to 100% http://www.newhopegroup.com.au/files/files/2016%20Annual%20Report%20New%20Hope%20Corporation%20Limited.pdf
St Barbara Ltd	0%	\$442	Gold mines in WA and PNG	Gold	Australian revenue, excluding PNG, page 4 http://www.stbarbara.com.au/uploads/tx_rlsortthis/2017.08.23_ASX_FY17_Financial_Report_Appendix_4E_briefing_and_audio_webcast.pdf

Kirkland Lake Gold	0%	\$336	Gold mining company with mines in Canada and Australia.	Gold	Six months revenue Australia segment (page 21), multiplied by two http://s21.q4cdn.com/967674075/files/doc_financials/2017/Quarterly/q2/FS-Q2-2017-AUGUST-1-FINAL.pdf
Energy Resources of Australia Ltd	0%	\$268	Ranger uranium mine in the Northern Territory	Uranium	http://www.energyres.com.au/uploads/docs/2016_ERA_Annual_Report_EBook_1.pdf
The Bloomfield Group	>50%	\$220	Privately owned company with two open-cut coal mines: Bloomfield Colliery and Rix's Creek. Company produces thermal and semi-soft coking coal. Also mining services.	Coal	Revenue estimated based on 2014 production (0.63mt + 1.57mt) assuming coal price of \$100/t. NSW Dept Resources and Energy, 2014, Coal Industry Profile. http://www.bloomcoll.com.au/Portals/5/Files/Bloomfield%20AEMR%202015.pdf , ,
Mandalay Resources	0%	\$186	Gold mining	Gold	http://www.multivu.com/players/English/7761451-mandalay-resources-annual-report/docs/financials-1806055850.pdf
Adani Mining	100%	\$136	Adani Mining Ltd is the MCA member. Its only Australia assets and projects relate to thermal coal	Thermal coal	http://www.adaniaustralia.com/ , Total income of 'Adani Minerals Pty Ltd' from ATO data https://data.gov.au/dataset/corporate-transparency/resource/1e8c8ae0-81d1-4780-a669-9e4a2a6ba1a4
Castlemaine Goldfields Limited	0%	\$68	Singaporean-owned gold miner with several operations in Victoria	Gold	Revenue converted from Singaporean dollars at AUD\$0.93 http://liongoldcorp.listedcompany.com/newsroom/20170705_045529_A78_HH90EZORFNZ925TI.1.pdf

Caledon Coal Pty Ltd	<50%	\$63	Chinese-owned coal mining company. Ceased production March 2017 due to a flood, administration since May 2017	Met coal	Estimate of revenue share based on production in Bowen Basin, likely an overestimate. Revenue is their 2015-16 production multiplied by a coal price of \$100/t https://www.dnrm.qld.gov.au/__data/assets/pdf_file/0011/238079/coal-mines-advanced-projects.pdf , http://www.caledon.com.au/
Boss Resources Limited	0%	\$7	Small uranium explorer	Uranium	http://bossresources.com.au/wp-content/uploads/2015/11/170731-2-BOE-June-2017-Appendix-5B-quarterly-cashflow-FINAL.pdf
Toro Energy Limited	0%	\$2	Uranium exploration and development in Australia, also seeking gold and other metals. 2016 loss: \$52,161,940.	Uranium	http://www.toroenergy.com.au/wp-content/uploads/2016/10/TOE-Annual-Report-2016-final.pdf
Arafura Resources Ltd	0%	\$0	Rare earths explorers	Rare earths	http://www.arultd.com/our-projects.html , AUD revenue from continuing operations. Overall loss making. http://www.arultd.com/images/Arafura_2016_annual_report_web.pdf
Dart Mining NL	0%	\$0	Small lithium and rare earth explorers/developers	Lithium	http://www.dartmining.com.au/f.ashx/Annual-Financial-Report-for-the-financial-year-ended-30-June-2016.pdf
Cauldron Energy Limited	0%	\$0	Small uranium explorer	Uranium	Australian and Argentinian revenue, 2017 http://www.cauldronenergy.com.au/wp-content/uploads/2017/09/170906-Annual-Report-2017_CXU.pdf

Mantle Mining	0%	\$0	Gold mining company. Also holds coal exploration licences. In 2016 it announced: "Subsequent to year end, the Company announced its intention to divest its coal interests and to focus on gold."	Gold	\$3,156,762 loss in 2016 https://mantlemining.com/wp-content/uploads/2016/11/Mantle-Mining-Corporation-Limited-Annual-Report-2016.pdf
Manhattan Corporation Limited	0%	\$0	Uranium mining	Uranium	\$523,576 loss in 2016 http://manhattancorp.com.au/upload/documents/investor/annual/20160930_Manhattan2016AnnualReportandFinancialStatements.pdf
Rex Minerals Ltd	0%	\$0	Gold and copper explorer (market cap: \$15m, net income -\$227k, \$4m loss)	Copper and gold	http://www.rexminerals.com.au/-/rex/Lib/Docs/06%20-%202017_09_14%20-%20RXM%20Annual%20Report%202017.pdf
Vista Gold	0%	\$0	Gold mining company, focused on Mt Todd prospect in NT. No operating revenue 2014-2016	Gold	vistagold.investorroom.com/file.php/380/Annual-report.pdf
Deep Yellow Limited	0%	\$0	Uranium mining, projects in Namibia. Has withdrawn from its NT project	Uranium	http://www.deeppyellow.com.au/wp-content/uploads/2017/09/Annual-Report-2017.pdf
Energy Metals Limited	0%	\$0	Uranium exploration company currently only exploring. No production	Uranium	https://energymetals.net/energymetals/wp-content/uploads/austocks/eme/2017_04_28_EME_1493406300.pdf
GBM Resources Ltd	0%	\$0	Gold, copper, zinc, cobalt and silver miner. It has not yet begun production	Gold	http://www.gbmr.com.au/aurora/assets/user_content/file/GBM%20ARpt%202016%20MR.pdf
Cameco Australia Ltd	0%	\$0	Large Canadian uranium producer. Exploration in Australia but no active projects.	Uranium	https://www.cameco.com/invest/financial-information/annual-reports/2016

Areva Resources Australia Pty Ltd	0%	\$0	Unlisted uranium explorer. Other companies in Areva group are mining elsewhere presently and have mined in Australia previously	Uranium	http://www.new.areva.com/EN/operations-584/exploration-and-mining-of-uranium-in-australia.html
Vimy Resources Limited	0%	\$0	Listed uranium explorer and developer, focused on the Mulga Rock Project in WA	Uranium	http://www.vimyresources.com.au/index.php/component/edocman/?task=document.viewdoc&id=200&Itemid=
Ignite Energy Resources Pty Ltd	0%	\$0	Holds Vic exploration rights covering "44% of Australia's and 8% of the world's economically recoverable lignite". But withdrew from Vic lignite to synthetic oil demo project in 2016. Wants to pursue this technology in US and EU. Company has coal seam gas and other synthetic gas production.	Coal to synthetic gas	http://www.igniteer.com/ignite-resources http://www.igniteer.com/update-on-iers-advanced-lignite-demonstration-program-aldp-project/
ENGIE	0%	Not available	Engie no longer mines coal in Australia, following the shut down of Hazelwood and co-located brown coal mine. It is unclear why it remains a member of the MCA. Engie relies on brown coal from an AGL mine for Loy Yang B power station.	Electricity	http://www.engie.com/wp-content/uploads/2017/03/fy-2016-management-report-and-annual-consolidated-financial-statements.pdf

Mecrus Resources Pty Ltd	0%	Not available	Private company: minerals, petroleum, energy, water and agribusiness. "Mecrus has ruled out coal and coal bed methane as exploration targets". Previously operated Energy Brix briquette factory.	Misc metals, oil	http://www.mecrus.com.au/about-mecrus-milestones.htm , http://www.mecrus.com.au/what-we-do-mineral-exploration.htm
Providence Gold & Minerals Pty Ltd	0%	Not available	Privately owned gold mining services	Gold	https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=58818396
Heathgate Resources Pty Ltd	0%	Not available	South Australian uranium miner. Owned by General Atomic, a private US company.	Uranium	Unable to find any financial data http://www.ga.com/