

ANNUAL REPORT 2016

Minerals Council of Australia

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Cover photograph: Take 5 safety check at Mount Tom Price mine in the Pilbara. (Courtesy Rio Tinto)

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Dr Vanessa Guthrie
Chair



Chair's review

2016 was a year that underlined the tenacity and resilience of the Australian minerals sector. After successive, difficult years of sharply lower commodity prices, the industry delivered record resources exports in calendar year 2016.

It was the dividend of the decade-long investment phase combined with the relentless pursuit of productivity gains over recent years. It was proof that a stronger, expanded mining industry is continuing to make a big contribution to the national economy.

In fact, the mining sector was the biggest industry contributor to Australia's economic growth in the last 12 months. Productivity in the sector is growing at the fastest rate for 15 years and faster than any other sector. And global commodity price cycles are already recovering. What we now have is an industry that is the cornerstone of our national accounts – the engine of our industry is four times bigger than it was a decade ago.

This guarantees a long-term dividend for the nation. It will deliver jobs, export income, strong regional communities and hundreds of billions of dollars in taxes and royalties over coming decades, enabling all Australians to maintain our high standard of living and generous social welfare net.

That said, we remain under pressure to improve our performance as other countries become increasingly competitive. In particular, we must target innovation and improved productivity to regain our competitive edge. In 2001, Australia was in the top 5 in global rankings of international competitiveness. Now we are 22nd. As a great sporting nation, we would never accept this national performance on the cricket pitch or in the swimming pool

Restoring our competitiveness is vital to our economic future and the imperative for 'continuous improvement' in policy settings remains more important than ever. We must match our company tax structures to that of our competitors to attract the global investment dollar. As our competitors around the world have lowered their tax rates, we have been frozen in stone. A deadlocked political process has made it harder to achieve sensible regulatory reforms: on workplace relations, on coastal shipping, on infrastructure and on environmental assessments. And while we respect the rights of our communities in voicing legitimate questions about our projects, it is unfair to all Australians to allow a tiny minority to cynically exploit our legal system to kill projects and damage our economy in the process.

As we focus on our projects, local communities and international customers, we often overlook the national reach of our sector. Millions of Australians in our great cities have little direct day-to-day exposure to the industry. But we must not forget that the mining industry touches almost all Australians, whether they realise it or not. The footprint of our industry is broader than we all imagine. It extends far beyond the mine site to the software specialists, the business services teams, the lawyers, the accountants, the recruitment companies, the engineering firms and environmental specialists and the investment bankers and fund

managers. Many of those employed in the 'resources economy' – as the Reserve Bank has described it – can be found in dark suits in the offices of our capital cities, in our small business sector, in our research and innovation hubs, in our manufacturing precincts and in our financial institutions. They may not wear hi-vis gear and hard hats. And they likely don't kick rocks and drive haul packs. In fact, they may well look and sound like you and me. But they are essential to the fabric of our sector, just as the mining sector is essential to the Australian economy.

Mining is a fundamental cornerstone – it plays to our strengths, our rich resource base, our resilience, our innovation and our "can do" attitude as a nation. It is vital that we continue to tell this story, not only to the communities in which we operate, but to those Australians in the cities and towns far distant from our operations so that all of us can continue to enjoy the quality of life that is based on mining as the foundation of our economy.

A stylized, handwritten signature in blue ink, appearing to read 'Vanessa Guthrie'.

Vanessa Guthrie
Chair, Minerals Council of Australia



Brendan Pearson
Chief Executive

Chief Executive's report

2016 was a year of tumult and upheaval in global politics and Australia was not immune from either the contagion or the consequences.

A federal election, whose nature and timing was ostensibly designed in part to break a deadlock in the operation of the Parliament, arguably led to an even more complicated Senate and the narrowest of margins in the House of Representatives.

Paul Kelly, one of Australia's most respected political commentators, argues that Australia's political system has 'malfunctioned'. Major reforms are far harder to achieve and sustain. Volatility and fragmentation are the new driving forces, he argues. The political system rewards division. While Kelly is at the more pessimistic end of the spectrum, making the case for complex economic reforms and fending off populist attacks is now both harder and more important. This means that the MCA, like other participants in national debates, is working to continually improve, refine and expand our policy advocacy.

There are several elements to this effort. It means that the minerals industry must join more frequently with like-minded business and stakeholder groups on issues of common interest. This is why the MCA worked to create a new coalition of more than a dozen farm, fishing, tourism, maritime and resources groups to strengthen cross-party support for the Fuel Tax Credits Scheme. We also joined with the Business Council of Australia, the Australian Industry Group and the Australian Chamber of Commerce and Industry to advance the cause of company tax and industrial relations reform. We worked with ten agricultural, small business and development groups (in vain) to secure the passage of

legislation to establish a 'one-stop shop' approach to environmental approvals.

The nature of the political environment reinforces the need for regular, even more intensive engagement with political parties and Independents. That is why in the lead up to the 2016 election, we provided all MPs, senators and where possible candidates with our pre-election blueprint, *Agenda for Growth*. After the election we ensured that all new and returning MPs were familiar with the industry's *Priorities for the 45th Parliament*. We intensified our engagement with the political process with the annual Parliamentary dinner the best attended for a decade. We have regular and constructive engagement with political representatives in a range of formats, including co-hosted tours of mine operations, informal round tables and traditional advocacy.

It is also why we have continued to expand our partnerships with universities, think tanks, the mining services sector as well as prominent economists and policy specialists. We have initiated new set piece opportunities like the annual Minerals Industry Lecture. The 2016 lecture delivered by Peter Costello countered the myth that mining is the antithesis of 'new economy' innovation. Mr Costello argued that 'mining, over the years has attracted some of the world's best talent to the country. Mining has embraced start-ups from the days of the gold rushes. Miners have always embraced risk.' We conducted another successful Australia Japan Coal Conference, an Environment and Communities Workshop, our annual

Canberra Policy Forum as well as more than a dozen roundtables with senior policy makers and third parties.

It is why the MCA continued to build MCA's thought leadership effort in 2016 with the successful roll-out of policy papers including Deloitte Access Economics' *Analysis of impact of Grylls Tax Proposal*, Jack Mintz's policy paper, *Effective tax rates on Australian mining and an evaluation of proposed increases in taxation of iron ore*, Stephen Wilson's work, *Coal: An Asia perspective* as well as the publication of *Rush: Australia's 21st Century Gold Industry*. The MCA also published fact sheets on the industry's tax, employment, environment and community contributions.

The new environment also demands more active engagement with digital media. On social media, the MCA's Twitter following increased by 64 per cent, while YouTube views of MCA material increased by 28 per cent to 275,559 total views. Similarly, the number of Facebook likes increased by 13 per cent to 13,527, while visits to the MCA website also grew. We did not, however, overlook traditional media, with media mentions up 162 per cent on 2015.

The bottom line is that while the political environment may remain difficult, our advocacy effort will be strenuous, multi-faceted and innovative.

Brendan Pearson
Chief Executive

The mining boom dividend



Economic contribution

Contribution to Australia's GDP from mining and METS.

15%



Regional jobs

Mining jobs located in regional and remote Australia.

61%



Household incomes

Boost to average household weekly income from the mining boom.

\$100 per week



Export share

Mining's share of Australia's total exports of goods and services in 2015-16.

50%



Jobs

Direct employment in the Australian mining industry.

225,060



Tax & royalties

Paid to federal, state and territory governments in decade to 2015-16.

\$177b



Revenue

Generated by the mining equipment, technology and services sector annually.

\$90b



Export earnings

Australia's mining export earnings in 2015-16.

\$157b



Training budget

Five times more than government benchmarks as a proportion of payroll.

5.5%



Water

Mining's share of Australia's water use.

3%



Land use agreements

Agreements negotiated – 99 per cent involved no legal contest of rights.

1,984



Land use

Proportion of the Australian land mass disturbed by mining.

0.021%



Investment

Industry investment in the period 2003-2014.

\$400b



R&D industry spend

Industry expenditure in 2013-14.

\$1.8b



Indigenous trusts

Assets in Indigenous trusts collected through mining activity.

\$40b



Young workforce

Workers aged between 25 and 39. The all-industry average is 35 per cent.

43%

About the MCA

The Minerals Council of Australia represents Australia's exploration, mining and minerals processing industry, nationally and internationally, in its contribution to sustainable development and society.

**Minerals Council
of Australia member
companies produce:**



>85%

of Australia's annual
mineral production



>90%

of Australia's mineral
export earnings

Australia's minerals industry is innovative, technologically advanced, capital intensive, and environmentally and socially progressive. It is a major contributor to national income, investment, high-wage jobs, exports and government revenues in Australia. It represents the minerals industry with a common purpose in:

- Advocating pre-competitive or generic public policy for a socio-economic environment conducive to growth and prosperity
- Identifying and promoting leading operation principles
- Engaging with opinion leaders and other stakeholders building a public presence that reflects the industry's contribution to the sustainable economic benefit of all Australians.

The future of the Australian minerals industry is inseparable from the global pursuit of sustainable development. The industry is committed to the sustained prosperity of current and future generations through the integration of economic progress, responsible social development and effective environmental management.

The MCA advocates consistent and balanced policy settings for:

- An industry free of fatalities, injuries and diseases

- A macro-economic framework conducive to global competitiveness and sustainable economic growth, characterised by low inflation, low interest rates and fiscal prudence
- A skilled, productive and flexible workforce
- Efficient export infrastructure
- Reconciling energy security with managing climate change as part of a sustainable global solution
- A seamless and efficient federation characterised by consistent regulation
- Access to competitive markets for capital, production inputs, human resources and end products
- Access to natural resources and competitive markets for land, water and energy
- A fair and stable society where effort is encouraged and rewarded and support is extended to those in need
- Mutually beneficial relationships with Indigenous and local communities through engagement and capacity building
- Improved environmental performance for sustainable eco-systems beyond life of mine.

Some of the minerals produced by Minerals Council of Australia member companies:

¹³ Al	⁶ C	²⁹ Cu	⁷⁹ Au	²⁶ Fe	⁸² Pb	²⁵ Mn	¹² Mg	²⁸ Ni	⁴⁷ Ag	²² Ti	⁹² U	³⁰ Zn	⁴⁰ Zr
Aluminium	Coal	Copper	Gold	Iron ore	Lead	Manganese	Magnesium	Nickel	Silver	Titanium	Uranium	Zinc	Zircon

Principal achievements

- Completed public opinion research on industry favourability to inform the MCA communications and advocacy strategy
- Commenced formulation of minerals industry positioning campaign to address loss of confidence in the significance of the industry's economic contribution and bolster recognition of its industry's social and environmental stewardship
- Developed and executed program of mine site visits and briefings to deepen engagement with newly-elected federal government and opposition politicians with particular focus on newly elected MPs and senators
- Promoted closer collaboration between the minerals and the mining services (METS sector) through commencement of a number of joint initiatives between MCA and METS Ignited.

Taxation

- Promoted awareness of the industry's tax contribution through publication of the MCA tax survey
- Released new analysis of international competitiveness of Australia's taxation regime drawing on comprehensive tax data across 44 countries with particular focus on company tax and resource taxation
- Drove formation of a coalition of industry groups to defend the fuel tax credits scheme, developing supportive advocacy materials including *Powering Regional Australia: fuel tax credit facts*
- Promoted the economy-wide benefits of the R&D tax incentive and advocated against restricting access on the basis of industry, R&D intensity or any other arbitrary criterion
- Actively participated in consultations in the Board of Taxation-led process



on a voluntary tax transparency code and Australia's adoption of the Extractive Industries Transparency Initiative (EITI)

- Delivered member tax forums in Sydney, Melbourne, Brisbane and Perth.

Workplace relations

- Convened a roundtable on productivity with Dean Parham, other leading economists and senior officials to advance the case for more flexible and less onerous workplace relations laws.

Trade and investment

- Provided strong support for finalisation of the Trans-Pacific Partnership (which would have abolished tariffs on Australian minerals and supported METS exports) through submissions and media releases
- Drove formation of coalition of industry and trade associations to promote the benefits of free trade and open foreign investment and rebut rising tide of protectionism.

Infrastructure

- Commissioned report by Castalia Strategic Advisors to emphasise the importance of a robust regulatory framework in the Hunter Valley coal network for Australia's export competitiveness.

Shipping

- Supported the efforts of the Australian Government to get the International Maritime Organization to consider including the modified Proctor/Fagerberg test for coal in the International Maritime Solid Bulk Cargoes Code.

Environment and communities

- Secured critical regulatory exemptions to enable uninterrupted marine transport of coal, bauxite and mineral concentrates
- Secured reforms to the foreign owned agricultural land register and water register legislation to reduce regulatory burden on mining companies
- Made inroads on improving Commonwealth approvals

legislation for outcomes based conditioning and streamlining of state and federal approval conditions

- Secured international (ICMM) adoption of the Australian Minerals Industry (MCA) water accounting framework
- Launched a publication and web site on mine rehabilitation case studies, targeting key decision makers
- Published a communique on Indigenous Economic Development presenting the range of policies developed by the MCA to support the minerals sector's approach to working with Indigenous communities and sharing the benefits of minerals development
- Hosted the inaugural Environment and Communities Workshop with expert presenters on topics of immediate relevance to environment and community relations practitioners including closure planning, tailings management and land access.



Gender diversity

- Awarded four MCA AICD Women in Mining scholarships to undertake the company director course to help increase the leadership credentials of women in the minerals industry
- Awarded one MCA BHP Billiton Women in Engineering scholarship which identifies the next generation of talented female engineers.

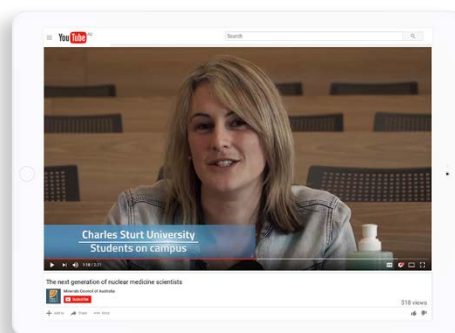
Health and safety

- Produced the final report of the MCA Tyre Critical Control Management project undertaken by the tyre working group to apply the International Council of Mining and Metals' critical control principles to five tyre-related fatal scenarios
- Supported expansion of the 'Working Well' mental health research program to sites in regions and commodities beyond the coal industry, with four metalliferous sites participating in the study
- Supported two Mates in Mining pilots to raise suicide awareness and avenues of assistance in the workforce (based on the successful Mates in Construction model of peer support).

Coal

- Developed and executed two major coal communications campaigns - *Little Black Rock* and *Coal: Making the Future Possible* - to explain the continued strong Asian demand for coal for low cost energy and resource security, and emphasise the role of new technologies in reducing emissions
- Built broader political and third party support for coal in the debate about the future of the domestic energy mix - including use of high efficiency, low emissions coal technologies
- Supported the Australian Government's representations to China on quality barriers for Australian coal which are inconsistent with international standards, including ministerial discussion on the issue in association with the G20 meeting in China
- Undertook a joint Commonwealth/ MCA review of the black coal industry's research program 'ACARP', which found it is performing well and delivering quality research that meets industry and wider community needs

- Jointly commissioned - with government, industry and research organisations - Australia's updated, independent *Carbon Capture and Storage Roadmap* report, to lay down a comprehensive plan for CCS deployment in Australia and advocated internationally for CCS through Coal Industry Advisory Board submission to the International Energy Agency, *An International Commitment to CCS: Policies and Incentives to Enable a Low-Carbon Energy Future*
- Brought leading US technologist Dr Julio Friedmann to Australia with Melbourne University as its 2016 visiting expert on CCS
- Published *Coal: An Asian Perspective* authored by leading industry analyst Stephen Wilson, and discussed its findings with the financial community including fund managers and major banks
- Published fact sheets on coal industry environmental performance and financial assurance.



Uranium

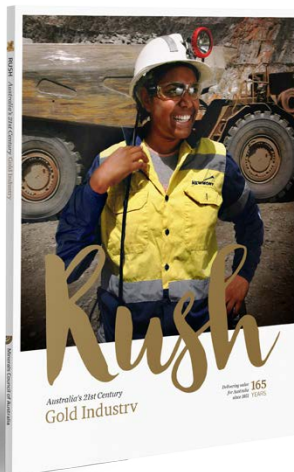
- Established a social media campaign platform for uranium to disseminate videos, infographics and a poster via Twitter, Facebook, LinkedIn
- Supported the passage of the Civil Nuclear Transfers to India Bill (1996) which clarified uranium sales to India as consistent with Australia's other treaty obligations
- Supported the finalisation of the Australia-Ukraine Nuclear Cooperation Agreement which was endorsed by JSCOT.

Iron ore

- With CMEWA, led industry campaign to resist introduction of WA Nationals proposed increase in rental lease charges for BHP Billiton's and Rio Tinto's iron ore mines ('the Grylls tax') through formulation of communications campaign, analysis of international competitiveness of Australia's iron ore tax burden versus competitor regimes and detailed research on the negative impact on e GST distributed to WA in the event the tax were to be implemented
- Refuted the rationale for the Grylls tax by highlighting the growing share of iron ore royalties in total state revenue and the contributions of producers to WA communities
- Highlighted national implications of an uncompetitive tax regime.

Gold

- Partnered with the Chamber of Mines and Energy Western Australia to expand the Gold Forum and further promote the Australian gold industry
- Published *Rush, Australia's 21st Century Gold Industry* to highlight the economic contribution of the Australian gold industry and the role of gold in society.



Exploration

- Worked with JORC to resolve uncertainty over new ASIC mining exploration guidance.

Environmental activism

- Informed ministers and regulators of unlawful and politically partisan activity by environmental organisations that receive tax concessions, following revelations of foreign-funded anti-coal activity by the Sunrise Project
- Advocated amendments to the Australian Securities Investment Commission's industry funding model to minimise additional costs and inefficiencies.

Education and training

- Led the resources and infrastructure industry on training packages reform and led the successful transition of the Resources and Infrastructure Industries (RII) training package to a new Skills Service Organisation
- Implemented lower cost and revised tertiary programs in minerals-related disciplines at Australian universities as part of the 2015 review of the Minerals Tertiary Education Council (MTEC)
- Hosted a Workforce of the Future Forum to better understand the minerals industry workforce 10 to 15 years from now considering the impact of innovation and productivity in the industry
- Awarded three scholarships to Australian Ph.D. and post-doctoral researchers to facilitate research and training in areas of practical value to the Australian minerals industry.

Australian Mining Industry Annual Lecture

- Peter Costello AC delivered the 2nd Australian Mining Industry Annual Lecture to an audience of 300 people in Melbourne.

Victorian Mine Rescue Competition

- The 24th Annual Victorian Mine Rescue Competition tested eight teams from across Victoria, New South Wales and Queensland in



Peter Costello AC

multiple rescue disciplines including search and rescue, vertical rope rescue, first aid, technical skills rescue, firefighting and theory.

Melbourne Mining Club

- Hosted near-capacity audiences for addresses by industry leaders from Rio Tinto, Newcrest Mining, Aurizon, BHP Billiton, Antofagasta and MMG
- Supported education initiatives through the Minerals Council of Australia and AusIMM contributing almost \$800,000 to these important projects.
- Promoted and developed the Cutting Edge Series for small to mid-capped companies into an important networking event for the industry.

Darwin Mining Club

- Hosted luncheons with keynote speakers including the General Manager, Newmont Tanami, the Vice President of the Landbridge Group (owner of the Port of Darwin lease), the General Manager, Macarthur River Mine, and a multi sector panel session co-hosted with Regional Development Australia – NT including the minerals, gas, agriculture and infrastructure representatives
- The Darwin Mining Club has donated \$188,000 to CareFlight over the past three years towards medical, training and rescue equipment.

Minerals Tertiary Education Council report

The Minerals Tertiary Education Council (MTEC) was established in 2000 by the MCA to build capacity in Australia's higher education sector and to increase the supply and quality of suitably qualified professionals for the minerals industry.

The MTEC review in 2015 resulted in the MCA Board adopting a revised program to support an at-cost rather than the previous demand driven funding model for minerals-related programs from 2016.

The primary reason for industry support is to engage with university schools and departments offering specialist minerals-related higher education programs on a nationally collaborative basis. Such financial investment can support, but cannot sustain, these programs and going forward MTEC will build on its role as an intermediary body driving engagement between universities and industry and building collaboration between universities in program development and provision.

The MCA, through MTEC, has built a unique, innovative and powerful model for strategic and purposeful industry investment in minerals related tertiary education.

This network of select university departments is dedicated to achieving true world class education by cooperating in the development and delivery of undergraduate learning in the core disciplines of mining engineering and metallurgy, and a specialist graduate program in minerals geoscience.

2016 trends

Undergraduate intakes for most minerals higher education disciplines in Australia have experienced notable declines. Lower bulk commodity prices, rationalisation at the company level, the rise of anti-mining activism and the way that these issues have been widely covered in news and social media, have likely contributed to a post-boom sentiment that might explain the pronounced drop off in enrolments over the past few years since 2012. Enrolments in 2016 are at levels last seen in the early-2000s which will impact the professional pipeline in these niche disciplines in a few years' time.

Mining Education Australia

MEA is a formally constituted (unincorporated) joint venture between the partner universities whereby the teaching resources of the universities are combined to deliver the highest quality, nationally consistent third and fourth years of a mining engineering degree. MEA produces a significant proportion of all four-year trained Australian mining engineers. Forward projections indicate a drastic decline of future supply of mining engineering graduates from recent historic highs.

Metallurgical Education Partnership

MEP is a formal partnership between MTEC and its partner universities for collaborative teaching of the capstone metallurgical process and plant design course for fourth year engineering undergraduate students. MEP produces 100 per cent of all four-year trained Australian extractive metallurgists.

National Exploration Undercover School (NExUS)

The industry support of minerals geoscience underwent a significant change in 2016. The Minerals Geoscience Honours (MGH) program concluded in 2015 and has been replaced by the National Exploration Undercover School (NExUS).

NExUS is a prestigious summer school for tomorrow's leading mineral explorers and hosted by the University of Adelaide as a collaboration of universities, government and industry partners. It aims to deliver a truly world-class national program of training for 30 enthusiastic and engaged students wanting to acquire specialist minerals geoscience skills. The industry will benefit from a cohort of students keen to pursue careers in the minerals industry.

The inaugural NExUS program ran over three weeks in November and December 2016, with week-long modules in Adelaide, the Adelaide Hills region, and Yorke Peninsula. Students came from every state and territory, including participants from Geoscience Australia and the New South Wales and Northern Territory Geological Surveys.

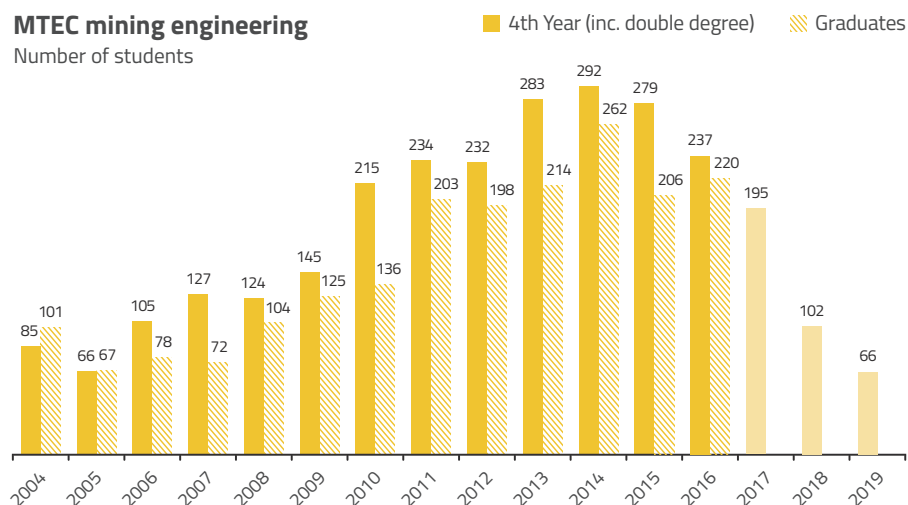
Minerals Industry National Associate Degree

The industry-supported associate degree programs in mining engineering and minerals geoscience continue to be offered by the University of Southern Queensland and Central Queensland University with support from the MEA and NExUS programs to ensure quality curriculum for these paraprofessional qualifications.

Enrolments and graduates

MTEC mining engineering

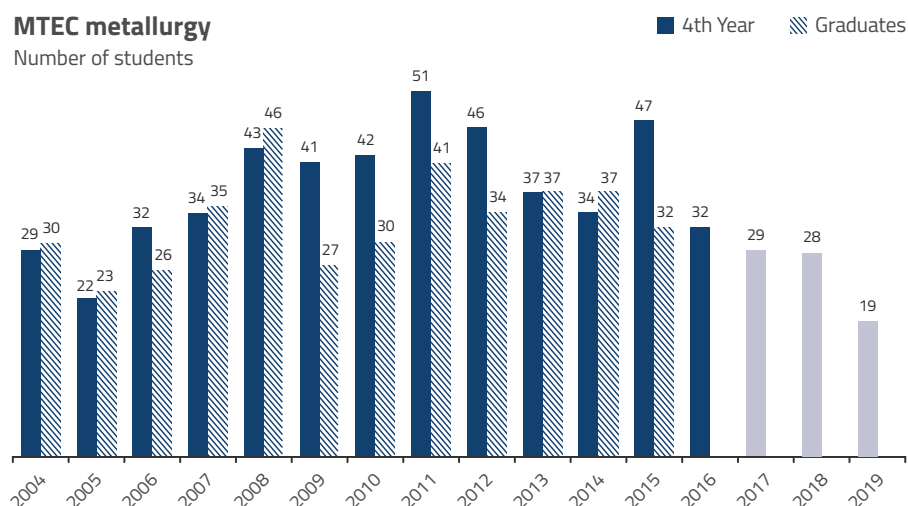
Number of students



MEA 2016: 87 per cent male, 13 per cent female, 3 Indigenous Australian students

MTEC metallurgy

Number of students



MEP 2016: 83 per cent male, 17 per cent female, 2 Indigenous Australian students

MTEC network

Minerals Geoscience

University of Adelaide

Mining Engineering

University of New South Wales

University of Queensland

Curtin University

University of Adelaide

Metallurgy

University of Queensland

Curtin University

Murdoch University

The MCA, through MTEC, has built a unique, innovative and powerful model for strategic and purposeful industry investment in minerals related tertiary education.

Summary of MTEC initiatives

Metallurgy Education Partnership (MEP)

The MEP program produced **32 graduates in 2015** compared with 34 in 2007.

2015
graduates
(actual)

2016
enrolments
(actual)

2017
enrolments
(forecast)

2018
enrolments
(forecast)

2019
enrolments
(forecast)

32

32

29

28

19

Mining Education Australia (MEA)

The MEA program produced **206 graduates in 2015** compared with 127 in 2007.

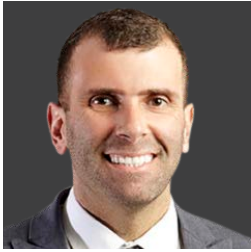
206

237

195

102

66



Gavin Lind
Executive Director (Acting)
MCA Victorian Division

MCA Victorian Division report

2016 saw a continuation of the Andrews Labor Government's broad reform agenda.

Seeking balanced reform

Advocating for a balanced approach to the Andrews Labor Government's environment-focused reform agenda was a priority for MCA Victoria during 2016. This included participating in consultation on reform of the Environment Protection Authority, overhaul of the Environment Protection Act, finalisation of the state's water plan, development of the new Victorian biodiversity strategy and review of the native vegetation permitted clearing regulations.

In December, the Victorian Government committed to improving the state's native vegetation offsets market and developing a framework for offsets on Crown Land – reforms long-advocated for by the minerals industry. MCA Victoria continues to urge introduction of financial-based offsets, a tool already used in some urban growth areas but not available to other industries.

MCA Victoria also participated in other key reforms, including amendments to the *Traditional Owner Settlement Act* and remake of the Occupational Health and Safety Regulations.

Revitalising the minerals industry

MCA Victoria welcomed the Victorian Government's allocation of approximately \$2 million to co-fund exploration activity in the Staveland region. A second round of TARGET mineral exploration funding will be announced in 2017.

While TARGET is an important signal of support, MCA Victoria continued to seek focused policy action to protect existing and encourage new minerals investment in the state. As part of this, MCA Victoria recommended changes to the state's minerals investment approach, including a greater role for Regional Development Victoria.

Advocating for a modern regulator

Reform of Earth Resources Regulation, the industry's central regulatory agency, progressed slowly during 2016. Significant work remains to transform ERR into a modern, efficient and transparent regulator. MCA Victoria has been actively involved in this process, contributing directly and through the ERR Stakeholder Reference Group and supporting working groups.

Supporting safety leadership

Supporting the sharing of safety and health best-practice across Victoria's minerals industry was a priority for MCA Victoria in 2016.

Highlights included the first Exploration Safety Workshop in September. The workshop provided a forum for more than 40 Victorian minerals exploration and safety professionals to discuss safety leadership, advancements in drilling products and safety from a regulator's perspective.

In October, eight teams from across Victoria, Queensland and New South

Wales converged on Kirkland Lake Gold's Fosterville mine for the 24th Annual Victorian Mines Rescue Competition. Evolution Mining withstood strong competition to take out the overall prize.

MCA Victoria also partnered with Emergency Management Victoria to host an Industry and Emergency Management Roundtable. Focused on the gold industry, the roundtable led to establishment of a short-term working group to address the unique challenges faced by industry and first responders in the unlikely event of an incident underground.

A national approach to energy security

As part of the MCA's national energy advocacy, MCA Victoria participated in consultation on the Andrews Government's response to the Parliamentary Inquiry into Unconventional Gas, Victorian Renewable Energy Auction Scheme, long-awaited coal policy and Infrastructure Victoria's 30 year infrastructure strategy.

Drew Wagner
Executive Director
MCA Northern Territory Division



MCA Northern Territory Division report

2016 was characterised by three P's - policy, promotion and potential.

Agenda for Growth

With the Northern Territory election in August 2016, policy development played a large role in the focus of the organisation, culminating in the release of the strategy document *Agenda for Growth – Northern Territory*.

The strategy focussed on five key policy frameworks – maximising productivity, strategic infrastructure requirements, the environment, the exploration agenda and the sectors community contribution – all with a view of not just where the industry was then, but importantly where the industry can collectively take the NT on behalf of all its citizens.

Northern Territory election

While neither major party took an extensive mining agenda to the polls, the MCA NT took the opportunity to work with both incumbent and prospective candidates to educate and update them and the community on the activities and potential of the industry.

With strong recognition of the catalytic development potential a mine often has in regional areas, there was broad discussion as how to leverage this – particularly with the continued Northern Australia focus federally and the desire to expand the industry, and economic growth as a whole, at a Territory level.

A resounding win for the Labor party, and placement of previous sitting members into key portfolios, allowed

the MCA NT to further develop strong relationships with the NT Cabinet and party, and strong outcomes from this continue to be achieved to this day.

Exploration

Exploration investment continued to grow over the period, up 8 per cent over the previous year. It appeared that there was a more focussed or targeted agenda in this space, with companies using the opportunity to shore up potential reserves to a more quantifiable figure. This will prove itself in coming years with the potential development opportunities growing every year.

Land access

To realise some of this potential, and to develop the industry into the future, much work was undertaken on land access arrangements and an appropriate legislative and regulatory mechanism was launched at the beginning of the year.

Included with an arbitration facility, this was tested over the period several times, with the vast majority of activities undertaken amicably, through which the industry continued to forge strongly ahead on relationships on both pastoral and indigenous lands. Some of these relationships had been developed over many years. These advances further demonstrated the strength of the industry and the role it plays in rural and regional economic development

Outlook

With the strategic plan in place, and a new majority government, the opportunity exists for the minerals sector in the Northern Territory to grow exponentially. A large number of sites are moving towards final approvals and financial decisions and, with further shoring up of resource bodies, 2016's year of positioning will hopefully transition into a year of development in 2017.

As these developments come towards fruition and move through their developmental stages there will be further opportunities for the industry to showcase its role within the community and the benefit it can provide to all Territorians.

Board of Directors

as at 31 December 2016



Dr Vanessa Guthrie

Chair
Managing Director
and Chief Executive Officer
Toro Energy Limited



Mr Charles Meintjes

President – Australia
Peabody Energy Australia Pty Ltd



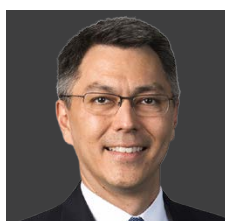
Mr Peter Freyberg

Vice Chairman
Head of Coal Assets
Glencore



Mr David Moulton

Chief Executive Officer
Centennial Coal Company Ltd



Mr Mike Henry

Vice Chairman
President Operations, Minerals
Australia
BHP Billiton Ltd



Mr David Overall

Chief Executive Officer
Downer EDI Mining Pty Ltd



Mr Sandeep Biswas

Managing Director
and Chief Executive Officer
Newcrest Mining Ltd



Mr Brian Reilly

Managing Director
Cameco Australia Pty Ltd



Mr Mike Erikson

Senior Vice President
AngloGold Ashanti Australia Ltd



Mr Chris Salisbury

Chief Executive, Iron Ore
Rio Tinto



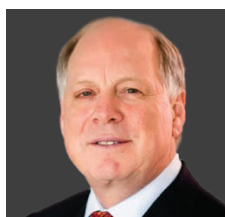
Mr Stephen Dumble

Senior Vice President, Asia Pacific
Newmont



Mr Bob Vassie

Managing Director
and Chief Executive Officer
St Barbara Ltd



Mr Andrew Michelmore

Chief Executive Officer
MMG Limited



Mr Michael Wright

Managing Director
Thiess Pty Ltd

MCA member companies

as at 31 December 2016

Full members

Adani Mining	ENGIE	Providence Gold & Minerals Pty Ltd
AngloGold Ashanti Australia Ltd	GBM Resources Ltd	Rex Minerals Ltd
Arafura Resources Ltd	Glencore	Rio Tinto
Areva Resources Australia Pty Ltd	Heathgate Resources Pty Ltd	St Barbara Ltd
BHP Billiton Ltd	Idemitsu Australia Resources Pty Ltd	The Bloomfield Group
Boss Resources Limited	Ignite Energy Resources Pty Ltd	Thiess Pty Ltd
Caledon Coal Pty Ltd	Jellinbah Group Pty Ltd	Toro Energy Limited
Cameco Australia Ltd	Kirkland Lake Gold	Vimy Resources Limited
Castlemaine Goldfields Limited	Mandalay Resources	Vista Gold
Cauldron Energy Limited	Manhattan Corporation Limited	Wesfarmers Resources Ltd
Centennial Coal Company Ltd	Mantle Mining	Whitehaven Coal Limited
Dart Mining NL	Mecrus Resources Pty Ltd	
Deep Yellow Limited	MMG Limited	
Downer EDI Mining Pty Ltd	New Hope Corporation Ltd	
Energy Metals Limited	Newcrest Mining Ltd	
Energy Resources of Australia Ltd	Newmont Australia Pty Ltd	
EnergyAustralia	Peabody Energy Australia Pty Ltd	

Associate members

Allens Arthur Robinson (AAR)	DPS Consulting Engineers	Power and Water Corporation
AMC Consultants Pty Ltd	Dyno Nobel Asia Pacific	PricewaterhouseCoopers Australia
ANSTO Minerals	ECOZ Environmental Services	Quadrant Energy Australia Limited
Ashurst	Ernst & Young	Queensland Resources Council
Australian Cultural Heritage	GHD Pty Ltd	Sparke Helmore Lawyers
Management Pty Ltd	Herbert Smith Freehills	Tasmanian Minerals Council
Ausurv Surveyors Pty Ltd	IBM Australia Ltd	True North Strategic Communication
Bechtel Australia Pty Ltd	KPMG	University of Western Australia
BP Australia Pty Ltd	Minter Ellison Lawyers	
Chamber of Minerals and Energy of	Mitsubishi Development Pty Ltd	
Western Australia	NSW Minerals Council	
Corestaff NT Pty Ltd	Orica Australia Ltd	
CSIRO	PanAust Ltd	

MCA committees

as at 31 December 2016

Health, safety, environment and community policy

Occupational Health and Safety Standing Committee

Chair: Michael Wright
Managing Director
Thiess Pty Ltd

Provides leadership and strategies in support of the industry's goal of achieving an Australian minerals industry free of fatalities, injuries and diseases.

Sustainable Development Standing Committee

Chair: Michael Erickson
Senior Vice President, Australia
AngloGold Ashanti Australia Ltd

Provides leadership and strategic advice on the development and implementation of policies and practices to maximise the social, environmental and financial dividends of mineral resource development.

Indigenous Relations Working Group

Chair: Ken Ramsey
Manager ESR Operations,
Newmont Asia Pacific

Develops and implements policies and strategies relating to the effective operation of the native title system and cultural heritage and the sharing of leading practice in contributing to the development of mutually beneficial relationships with Indigenous communities and organisations.

Land Management and Approvals Working Group

Chair: Renelle Thorpe
Environment Manager Analysis and Improvement (West)
BHP Billiton Ltd

Develops industry policy on environmental approvals, land management and strategic approaches to improve land use coexistence and future access to land.

Economics policy

Taxation Standing Committee

Chair: Premila Roe
Vice President – Tax (A/P)
BHP Billiton Ltd

Develops and advocates reforms to taxation policy and administration that directly and indirectly impact the minerals industry.

Corporate affairs

Corporate Affairs Group

Chair: David Byers
Deputy Chief Executive
Minerals Council of Australia

Shares strategic and tactical insights on policy developments and provides 'cross portfolio' input into MCA advocacy work.

Workforce policy

Workforce Committee

Chair: David Overall
Chief Executive Officer
Downer EDI Mining Pty Ltd

Develops policies and strategies to address professional and trade skills human resource capacity constraints, advocating reforms in education and training and skilled migration with focus on capacity building in vocational education and training, higher education and careers promotion.

Gender Diversity Reference Group

Chair: Laura Tyler
Chief of Staff and
Head of Geoscience
BHP Billiton Ltd

Implements the recommendations of the *MCA Workforce Gender Diversity White Paper*.

Workplace Relations Reference Group

Chair: David Byers
Deputy Chief Executive
Minerals Council of Australia

This taskforce convenes when required to provide expert advice to the MCA secretariat to assist advocacy on workplace relations and productivity.

Climate change policy

Energy and Climate Change Standing Committee

Chair: Peter Freyberg
Head of Coal Assets
Glencore

Develops policies and strategies for a global framework for emissions reductions, the development and deployment of low emissions technologies and the introduction of efficient and environmentally effective mechanisms for managing national emissions.

Commodity forums

MCA Coal Forum	Chair: David Moulton Managing Director and Chief Executive Office Centennial Coal Company Ltd	Leads the development and implementation of a national strategy to promote the role of coal and advance public policy to support the international competitiveness of Australia's coal production, contractor and exploration sectors, and the development and deployment of low emissions coal technologies.
TML for Coal Taskforce	Chair: Greg Evans Executive Director – Coal Minerals Council of Australia	Assisted the Australian Government in its presentation of the modified Proctor/Fagerberg Method for Coal to the International Maritime Organization. Subsequently incorporated into ACARP TML for Coal Project Committee with MCA participating.
MCA Gold Forum	Chair: Bob Vassie Managing Director and CEO St Barbara Ltd	Promotes the national contribution of Australia's gold sector and advances public policy to support its international competitiveness.
Uranium Forum	Chair: Brian Reilly Managing Director Cameco Australia Pty Ltd	Promotes the national contribution of Australia's uranium sector and advances public policy to support its international competitiveness.

MCA Northern Territory Division

Northern Territory Management Committee	Chair: Andrea Sutton Chief Executive Energy Resources Australia Ltd	Develops policy and advocates strategy for the industry in the Northern Territory, and provides input into national programs.
Darwin Mining Club Committee	Chair: James Bowden General Manager Hays Recruiting	Provides industry stakeholders with a forum for information exchange, networking and learning opportunities and promotes the mining industry as a career of choice.
Economic Development Committee	Chair: Chris Tziolis Managing Director Rum Jungle Resources Limited	Promotes business and economic development, and development of effective infrastructure, in support of the NT minerals industry. Also promotes best practise in relationships with traditional owners and land holders and the development of a work-ready and skilled population, as well as advice on legislative and regulatory matters.
Resources Management Committee	Chair: Alan Tietzel Chief Adviser – Agreements Energy Resources of Australia Ltd	Promotes best practise and sustainable practise environmental management and the development of land access provisions that create mutual advantage for all stakeholders. Also provides advice on legislative and regulatory matters.

MCA Victorian Division

Victorian State Council	Chair: Andre Booyzen General Manager Mandalay Resources Ltd	Develops policy and advocates strategy for the industry in Victoria and input into national programs.
Safety and Health Working Group	Chair: Bernie Hyde Mine Manager, Yallourn Mine EnergyAustralia	Advocates for OHS policies and regulations that promote best practice.
Exploration Working Group	Chair: Neil Norris Exploration Manager GBM Resources Ltd	Develops policies and strategies to encourage exploration, reform regulations and land access issues, and provide capacity building opportunities.
Environment and Communities Working Group	Chair: Felicia Binks Environment and Community Superintendent, Fosterville Gold Mine Kirkland Lake Gold	Promotes best practice environment and community engagement practices, regulations and capacity building opportunities.

FINANCIAL STATEMENTS

for the year ended 31 December 2016

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Financial statements	22
Independent auditor's report	32

These financial statements are the financial statements of the Minerals Council of Australia as an individual entity. The financial statements are presented in the Australian currency.

Minerals Council of Australia is a company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Minerals Council of Australia
Level 3, 44 Sydney Avenue
Forrest ACT 2603

The financial statements were authorised for issue by the directors on 26 April 2017. The directors have the power to amend and reissue the financial report.

ACN 008 455 141 | ABN 21 191 309 229

Directors' report

Your directors present their report on the Minerals Council of Australia (MCA) for the year ended 31 December 2016.

Directors

The following persons were directors of the MCA during the whole of the financial year and up to the date of this report:

Mr S Biswas	Mr M Henry	Mr D Moulton
Mr P C Freyberg	Mr C F Meintjes	Mr D J Overall
Dr V Guthrie	Mr A Michelmore	Mr B Vassie

Mr M Erikson, Mr S Dumble, Mr M Wright, Mr B Reilly and Mr C Salisbury were appointed directors on 1 March 2016, 1 May 2016, 1 June 2016, 1 September 2016 and 13 September 2016 respectively and continue in office at the date of this report.

Mr G Elm, Mr T Palmer, Mr D Diamond and Mr A Harding were directors from the beginning of the financial year until their resignation on 28 February 2016, 30 April 2016, 1 June 2016 and 12 July 2016 respectively.

Objectives, strategy and activities

The MCA's objective is to assist the growth of the Australian mining and minerals processing industries.

The MCA's strategy for achieving this objective is to advocate pre-competitive or generic public policy for a socioeconomic environment conducive to growth and prosperity; to identify and promote leading operation principles; and to engage with opinion leaders and other stakeholders to promote the industry's contribution to the sustainable economic benefit of all Australians.

Principal activities

During the year the principal activities of the MCA were promoting the benefits of the minerals industry in the public domain and engaging in uncompromising advocacy on the issues that matter most to Australia's mining sector and related industries: economic and fiscal policy, taxation policy, climate and energy policy, Indigenous affairs, education and skills, safety, labour and deregulation. The MCA measures its performance by member feedback and legislative outcomes.

Operating results

The MCA derives its income primarily through members' subscriptions which, over time, approximate expenditure of the MCA. The operating loss for the year ended 31 December 2016 was \$73,685 (2015: deficit \$1,394,127). This exceeded budget expectations which had accommodated membership fee discounts and was due to rigorous expenditure controls in the MCA secretariat and MTEC through 2016, plus an unexpected subscription payment.

Information on directors

Mr S Biswas, B.Ch.E (Hons)
Managing Director and Chief Executive Officer
Newcrest Mining Limited

Mr P C Freyberg, B.Sc (Mining Engineering)
Head of Coal Assets
Glencore

Dr V Guthrie, B.Sc (Hons), PhD (Geol)
Managing Director/Chief Executive Officer
Toro Energy Limited

Mr M Henry, B.Sc (Chem)
President – Minerals Australia
BHP Billiton Limited

Mr C F Meintjes, Bcom. BCompt CA(SA)
President – Australia
Peabody Energy Australia Pty Ltd

Mr A Michelmore, B.Eng, MA
Chief Executive Officer
Minerals and Metals Group

Mr D Moulton, C. Eng (Mining), MBA, FAusIMM, FIMMM, MAICD
Managing Director and Chief Executive Officer
Centennial Coal Company

Mr D J Overall, B.Eng (Hons), MBA
Chief Executive Officer
Downer EDI Mining Pty Ltd

Mr B Vassie, B. Mineral Technology Hons (Mining), AICD
Managing Director and Chief Executive Officer
St Barbara Ltd

Mr M Erikson, B.Sc (Hons), P.Dip Mngt
Senior Vice President
AngloGold Ashanti Australia Limited
Appointed 1 March 2016

Mr S Dumble, B.Eng (Chemical)
Regional Senior Vice President
Newmont Asia Pacific
Appointed 1 May 2016

Mr M Wright, B.Civil Eng, M.Eng. Sc
Managing Director
Thiess, CIMIC Group Limited
Appointed 1 June 2016

Mr B Reilly, B.Sc, M.Sc, MBA, P.Geo
Managing Director
Cameco Australia Pty Ltd
Appointed 1 September 2016

Mr C Salisbury, B.Eng (Metallurgical), FAICD
Chief Executive, Iron ore
Rio Tinto
Appointed 13 September 2016

Directors' report

Meetings of directors

There were four meetings of the MCA's directors held during the year ended 31 December 2016. The following table sets out the number of meetings each director was eligible to attend and the number of meetings attended. The table includes those directors who retired or resigned during the financial year.

Director	Meetings eligible to attend	Meetings attended
S Biswas	4	3
D Diamond	2	2
S Dumble	3	3
M Erickson	4	3
P C Freyerg	4	4
V Guthrie	4	4
A Harding	2	1
M Henry	4	3
C F Meintjes	4	4
A Michelmores	4	3
D Moulton	4	3
D J Overall	4	4
T Palmer	1	1
B Vassie	4	3
B Reilly	2	2
C Salisbury	2	-
M Wright	2	2
G Ehm	-	-

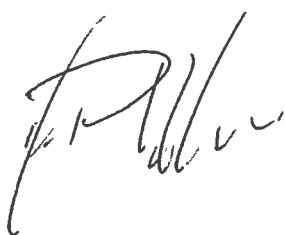
Member's liability

The liability of members is limited to no more than \$10.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

This report is made in accordance with a resolution of directors.



Mr M Henry
Director



Mr C F Meintjes
Director

Canberra
26 April 2017

Auditor's Independence Declaration

As lead auditor for the audit of Minerals Council of Australia for the year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



David Murphy
Partner
PricewaterhouseCoopers

Canberra
26 April 2017

FINANCIAL STATEMENTS

Year ended 31 December 2016

Minerals Council of Australia

Statement of profit and loss and other comprehensive income

	Notes	2016 \$	2015 \$
Revenue	1	12,552,196	14,155,218
Expenses			
Employee benefits expenses		(6,348,582)	(6,848,191)
Occupancy expenses		(1,422,525)	(1,209,652)
Consultancy expenses		(1,528,756)	(2,231,588)
Minerals Tertiary Education Council (MTEC) program expenses		(1,160,406)	(2,901,593)
Conferences and events expenses		(666,288)	(621,345)
Travel expenses		(432,090)	(565,782)
Depreciation expense		(220,799)	(255,331)
Other expenses		(699,065)	(915,859)
Total expenses		(12,478,511)	(15,549,341)
Surplus/(deficit) for the year		73,685	(1,394,123)
Other comprehensive income for the year		—	—
Total comprehensive income for the year is attributable to:			
Members of the Minerals Council of Australia		73,685	(1,394,123)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	2	1,873,583	2,085,401
Term deposits		8,017,873	7,133,575
Receivables	3	529,713	1,021,558
Prepayments		222,284	229,264
Total current assets		10,643,453	10,469,798
Non-current assets			
Plant and equipment	4	401,614	568,922
Total non-current assets		401,614	568,922
Total assets		11,045,067	11,038,720
LIABILITIES			
Current liabilities			
Trade and other payables	5	792,731	877,864
Provisions – employee entitlements		501,928	525,296
Total current liabilities		1,294,659	1,403,160
Non-current liabilities			
Provisions – employee entitlements		218,544	177,381
Total non-current liabilities		218,544	177,381
Total liabilities		1,513,203	1,580,541
Net assets		9,531,864	9,458,179
EQUITY			
Reserves	6	619,959	1,161,451
Accumulated funds	6	8,911,905	8,296,728
Total members' equity		9,531,864	9,458,179

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Notes	Accumulated fund \$	Reserves \$	Total members' equity \$
Balance as at 1 January 2015		8,942,621	1,909,681	10,852,302
Deficit for the year		(1,394,123)	-	(1,394,123)
Total comprehensive income for the year		(1,394,123)	-	(1,394,123)
Transfer to (from) reserves	6	748,230	(748,230)	-
Balance as at 31 December 2015		8,296,728	1,161,451	9,458,179
Balance as at 1 January 2016		8,296,728	1,161,451	9,458,179
Surplus for the year		73,685	-	73,685
Total comprehensive income for the year		73,685	-	73,685
Transfer to (from) reserves	6	541,492	(541,492)	-
Balance as at 31 December 2016		8,911,905	619,959	9,531,864

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from members and customers (inclusive of GST)		12,738,759	13,524,624
Payments to suppliers and employees (inclusive of GST)		(12,318,071)	(15,674,734)
Interest received		305,283	388,848
Net cash (outflow) from operating activities		725,971	(1,761,262)
Cash flows from investing activities			
Payments for plant and equipment		(53,491)	(146,546)
Proceeds from sale of available-for-sale financial assets		-	660,000
Net decrease/(increase) in term deposits		(884,298)	(1,009,810)
Net cash (outflow)/inflow from investing activities		(937,789)	(496,356)
Cash flows from financing activities			
Net cash inflow from investing activities		-	-
Net (decrease) in cash and cash equivalents		(211,818)	(2,257,618)
Cash and cash equivalents at the beginning of the financial year		2,085,401	4,343,019
Cash and cash equivalents at end of year		1,873,583	2,085,401

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Minerals Council of Australia

1 Revenue

	2016 \$	2015 \$
Revenue		
Subscriptions and contributions	10,967,001	12,256,124
Conferences and competitions	789,547	929,673
	11,756,548	13,185,797
Expenses		
Interest income	305,283	388,848
Sundry income	490,365	580,573
	795,648	969,421
Total expenses	12,552,196	14,155,218

2 Cash and cash equivalents

	2016 \$	2015 \$
Cash	1,873,583	2,085,401

3 Receivables

	2016 \$	2015 \$
Trade receivables	233,756	774,940
GST receivable	187,020	137,407
Accrued interest	66,057	88,026
Sundry debtors	42,877	21,184
	529,710	1,021,557

4 Plant and equipment

	Office, furniture, equipment & software \$	Leasehold improvements \$	Total \$
At 31 December 2015			
Cost	1,125,520	1,617,295	2,742,815
Accumulated depreciation	(923,698)	(1,250,195)	(2,173,893)
Net book amount	201,822	367,100	568,922
Year ended 31 December 2016			
Opening net book amount	201,822	367,100	568,922
Additions	53,491	-	53,491
Depreciation charge	(99,501)	(121,298)	(220,799)
Closing net book amount	155,812	245,802	401,614
At 31 December 2016			
Cost	1,178,608	1,617,295	2,795,903
Accumulated depreciation	(1,022,796)	(1,371,493)	(2,394,289)
Net book amount	155,812	245,802	401,614

5 Trade and other payables

	2016 \$	2015 \$
Trade creditors	155,350	219,632
Accruals	623,260	648,615
Other liabilities	14,121	9,617
	792,731	877,864

6 Equity

(a) Accumulated funds

	2016 \$	2015 \$
Balance 1 January	8,296,728	8,942,621
Surplus/(deficit) for the year	73,685	(1,394,123)
Transfer from/(to) reserves	541,492	748,230
Balance 31 December	8,911,905	8,296,728

(b) Reserves

	Campaign reserve \$	MTEC reserve \$	Total \$
Balance at 1 January 2015	1,389,500	520,181	1,909,681
Transfer (to)/from accumulated funds	(228,049)	(520,181)	(748,230)
At 31 December 2015	1,161,451	-	1,161,451
Balance at 1 January 2016	1,161,451	-	1,161,451
Transfer (to)/from accumulated funds	(541,492)	-	(541,492)
At 31 December 2016	619,959	-	619,959

(i) Nature and purpose of reserves

Campaign reserves

The surplus of funds contributed over costs incurred for the *This is our Story* advertising campaign and federal government tax advertising campaign have been set aside in the campaign reserve for use in future similar purpose advertising campaigns, or as the Directors may otherwise determine.

MTEC reserve

The excess of contributions contributed over costs incurred on Minerals Tertiary Education Council (MTEC) activities was set aside in the MTEC reserve for use in future years.

7 Commitments

	2016 \$	2015 \$
Commitments in relation to operating leases for office rental and office equipment contracted for at balance date but not recognised as liabilities:		
Within one year	737,263	781,440
Later than one year but not later than five years	2,127,159	712,498
Later than five years	486,613	-
	3,351,035	1,493,938

The significant lease commitment is in relation to the MCA's lease of its principal office space at 44 Sydney Avenue, Forrest, ACT. The lease renewal commenced on 21 November 2010, for a period of seven (7) years. The lease was extended for a further five (5) year period during the financial year.

8 Directors and executive disclosures

(a) Key management personnel compensation

In addition to the directors as listed in the directors' report, the following persons were the key management personnel with the greatest authority for the strategic direction and management of the MCA during the financial year:

Name	Position
Mr B M Pearson	Chief Executive Officer
Mr D Byers	Deputy Chief Executive Officer (from July 2016)
Dr J H Kunkel	Deputy Chief Executive Officer (until May 2016)
Ms B J Conroy	Director - Operations
Ms M J Davison	Executive Director - MCA Victorian Division
Mr G J Evans	Executive Director - Coal
Mr J Hawkes	Director - Public Affairs
Dr G H Lind	Executive Director - MTEC, Director - Workforce Skills, Health, and Safety
Mr S J Marris	Director - Environment, Climate Change and Communities
Mr J Sorahan	Director - Taxation
Dr M Steen	Director - Economics and Industry Policy
Mr A J Wagner	Executive Director - MCA Northern Territory Division
Mr D Zavattiero	Executive Director - Uranium
Ms A Wildman	Finance Manager (until June 2016)
Mr M Dhanesha	Finance Manager (from June 2016)

(b) Remuneration of key management personnel

(i) Details of remuneration

Details of the total remuneration paid to the listed senior key management personnel are as follows:

	2016 \$	2015 \$
Key management personnel compensation	4,050,217	3,669,140
	4,050,217	3,669,140

9 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors.

(i) PricewaterhouseCoopers

	2016 \$	2015 \$
Financial report audit	28,560	28,050
Other services	3,570	3,570
Total remuneration for audit and other services	32,130	31,620

10 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Minerals Council of Australia.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Minerals Council of Australia is a not-for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the Minerals Council of Australia comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for certain assets which, as noted, are at fair value. The operating loss for the year ended 31 December 2016 was \$73,685 (2015: deficit \$1,394,127). This exceeded budget expectations which had accommodated membership fee discounts and was due to rigorous expenditure controls in the MCA secretariat and MTEC through 2016, plus an unexpected subscription payment.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The MCA recognises revenue when the amount can be reliably measured and it is probable that future economic benefits will flow to the MCA.

Revenue is recognised for the major business activities as follows:

(i) Subscriptions and contributions

Revenue from members' annual subscriptions and contributions is recognised over the period in which the subscription or contribution applies.

(ii) Government grants

Government grants are recognised at their fair value in the accounting period in which they are received.

(iii) Conferences and competitions

The MCA holds a number of conferences and competitions during the year. Revenue from this source is recognised in the accounting period in which each event is held.

(iv) Interest revenue

Interest income from cash and cash equivalents and other investments is recognised when earned.

(c) Income tax

The MCA is exempt from income tax under Sector 50-40 of the *Income Tax Assessment Act 1997*.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Trade and other receivables

All debtors are recognised at the amounts receivable on settlement. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(f) Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up at the date of acquisition, plus costs incidental to the acquisition. Where assets are acquired through a non-reciprocal transfer the balance is recognised as revenue in profit or loss.

(i) Depreciation

Depreciation is calculated on a straight line basis so as to write off the net cost of each non-current asset during its expected useful life. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The following rates of depreciation have been employed:

Computer software	40% - 50%
Leasehold improvement	7.5%
Office furniture	7.5% - 10%
Office equipment	5% - 33.3%

(g) Impairment of assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

(h) Trade and other payables

These amounts represent liabilities for goods and services received prior to the end of the financial year and which are unpaid. The amounts are unsecured and are paid in accordance with specified terms.

(i) Employee benefits***(i) Wages and salaries and annual leave***

Liabilities for wages and salaries and annual leave, expected to be settled within twelve months of the balance date, are recognised and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Long service leave

Liabilities for long service leave are recognised, and are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employees departures and periods of service. Expected future payments are discounted using interest rates on national government bonds with terms that match as closely as possible the estimated future cash outflows.

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(k) Jointly controlled operation

The proportionate interest in the assets, liabilities, income and expenses of a jointly controlled operation have been incorporated in the financial statements under the appropriate headings. The MCA is party to a jointly controlled operation called Melbourne Mining Club. The MCA has a 50% participating interest in this venture, and is entitled to 50% of its output. MCA's interests in the assets employed in the jointly controlled operation are included in the balance sheet.

(I) Comparative figures


When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2016 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Mr M Henry
Director



Mr C F Meintjes
Director

Canberra
26 April 2017

Independent auditor's report

To the members of Minerals Council of Australia

Our opinion

In our opinion:

The accompanying financial report of Minerals Council of Australia (the Council) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Council's financial position as at 31 December 2016 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 December 2016
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit and loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the director's declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Council in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors' Report included in the Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Council are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the director determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Council to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

A stylized, cursive signature of the PricewaterhouseCoopers firm name.

PricewaterhouseCoopers

A stylized, cursive signature of David Murphy.

David Murphy
Partner

Canberra
26 April 2017

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- a) Any errors or omissions in this publication
- b) Any inaccuracy in the information and data on which this publication is based or which is contained in this publication
- c) Any interpretations or opinions stated in, or which may be inferred from this publication.






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