

BHP chief told to resign

BHP group chief executive Andrew Mackenzie should resign in shame, according to Australia's most widely read newspaper columnist.

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Mackenzie took to the public stage in London in late July to publicise his company's response to global warming, describing it as "indisputable", likely to be towards the upper end of forecasts and an existential threat.

'Indisputable' leaves no room for doubt. It suggests all moral and technical thresholds have been surpassed, perhaps uniquely in the history of model-based forecasts. Any contrary arguments are misguided. Forget that the International Panel on Climate Change itself warns that "concurrent rapid technological changes, behavioural aspects, and uncertainties about input data present continuous challenges".

In any case, BHP's own response to global warming seems more equivocal than one might infer from the apparently uncompromising certainty of Mackenzie's proclamation.

In the course of his speech, Mackenzie conceded that warming may prove less severe than the beliefs of most scientists. Contrary to what one might expect if future warming was indisputable, "the challenge is to develop a strategy that works across a range of plausible, yet divergent, scenarios", was how Mackenzie described BHP's surprisingly circumspect response.

Mackenzie was asked after his speech why BHP continues to mine thermal coal if the threat from global warming was as grave as he had asserted. Mackenzie was unapologetic about the company's coal involvement. Thermal coal was only 3% or less of the BHP business, he said. Its mines were among the lowest cost and someone else would supply the coal if BHP did not.

BHP's mealy-mouthed excuses mirrored the Glencore approach. That company's virtuous hostility to new coal mine developments arose only after it had secured its own position as a supplier.

Happily, the world's biggest miner needs to change little. It had begun reducing its own carbon emissions more than 20 years ago. It had the right mix of assets for a population afflicted by a warming planet. Its biggest commitment now was to work with its customers to make them change.



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Others will have to change. But not BHP. Nor did the well-heeled BHP feel any responsibility to look for cobalt or lithium or other metals to help move the world more speedily or surely to a non-carbon economy, Mackenzie said. There was plenty to find and others could do that.

Mackenzie's address followed a much-used corporate speechmaking template. In discussing public policy positions, executives aim to show how their present corporate strategy

neatly and comfortably dovetails with the interests or beliefs of the audience being addressed.

In following the model, care must always be taken to avoid empathy morphing counterproductively into smugness.

Mackenzie admitted, upon questioning by an editor from the hosting publication, that he was more inclined to stake a position on this and other public policy issues because journalists are more prepared to write supportively about such interventions than they had once been.

The implication of Mackenzie's comments was that BHP might have stayed schtum about even an existential threat if directors thought it was not going to receive an agreeably supportive welcome from the noisiest arbiters of opinion.

The impression of self-serving virtue signalling leaves executives vulnerable to the rough and tumble of the ensuing political debate.

Speaking on his nightly Sky News programme in Australia, conservative political commentator Andrew Bolt likened Mackenzie's utterances to those of a Coca Cola company chief executive who says Coke is poisonous. He would be out of a job, said Bolt. Mackenzie, he added, should resign in shame for his betrayal of BHP.

Mackenzie was potentially damaging the BHP brand, according to Bolt. "What's worse?" he asked readers of his widely syndicated newspaper column. "The sanctimony, the hypocrisy or the alarmism?"

Putting the Bolt onslaught to one side, BHP also risks falling into a habit common among policy analysts of ducking the toughest questions, as it engages on this and other contentious public policy issues.

Even those most emphatic about the need for change are prone to spend a disproportionate amount of time describing a present predicament and railing against opposing forces. Less time is spent on defining the alternative. And hardly any time is spent on the all-important detail, upon which progress depends, of how to move from A to B.

Mackenzie has also recently ventured into the vexed debate about constitutional recognition of aboriginal and Torres Strait islander Australians. BHP wants to change the constitution to enshrine a role for indigenous Australians in advising the national parliament about matters affecting them. In this, too, Mackenzie has expressed great moral certainty.

Whatever the merits of the argument, the political conflict is likely to intensify.

Those against changing the constitution say it will enshrine a permanent racial divide and undermine the principle of 'one person one vote'. It will create societal tensions rather than ease them.

Constitutional amendments in Australia require majorities in both houses of the national parliament, then a majority of votes cast in a compulsory national ballot and, further, majorities of votes cast in a

majority of the six Australian states.

The severity of the hurdles makes governments reluctant to try. The current prime minister has already thrown cold water on the idea.

Telling the government to change the constitution is like the prime minister telling Mackenzie to find another copper mine. The exhortation rolls off the tongue far more easily than the objective can be achieved in practice.

Company directors also have the luxury of pushing ideas, sometimes using the power of sponsorship dollars to extract compliance, while mostly concealing their identities to avoid personal reputational risks.

Use of corporate brands to lend weight to campaigns for social and political change is on the rise. Shareholders could legitimately start asking directors for their personal views, not simply on matters of accounting standards or financial targets but on any matter of social controversy when assessing their suitability for future board positions.

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