

FINANCIAL REVIEW

Big miners have banked \$60b in diesel fuel tax credits

Tom Rabe | 20 August 2025 | AFR



Australia's biggest miners have banked almost \$60 billion in diesel fuel tax subsidies in less than 20 years. **Bloomberg**

Australia's biggest miners have banked almost \$60 billion in diesel fuel tax subsidies in less than 20 years, according to a new report calling on the Albanese government to overhaul the scheme to boost productivity and drive green investment.

A Climate Energy Finance report circulated to key Labor ministers and [members of the crossbench](#) recommends a \$50 million cap on the fuel tax subsidy, with big miners forced to spend any cash they claim beyond that on green energy alternatives.

Federal Resources Minister Madeleine King has indicated the government has little appetite to overhaul the fuel subsidy, though at least one major Australian miner has voiced concerns behind closed doors over the implications of an ongoing campaign by green groups to reform the tax.

The new report, released publicly on Wednesday, warns the government is expected to hand back close to \$84 billion in fuel tax subsidies to major mining companies by 2030.

The diesel fuel excise levied on drivers at the bowser covers the costs of maintaining public roads, but companies can claim a tax credit when the fuel is used on private roads, including mine sites.

Published to coincide with the [economic roundtable in Canberra](#) this week, the report argues reforming the diesel fuel tax system would boost productivity and create more cash for green projects without impacting the budget.

The top 15 consumers of diesel in Australia consumed about six billion litres of the fuel in the 2024 financial year, according to Climate Energy Finance analysis of Australian Tax Office data.

The report said the largest beneficiary of the fuel tax rebate was BHP, which claimed about \$600 million last financial year, followed by Rio Tinto (\$400m).

Climate Energy Finance founder Tim Buckley said reforming the scheme would cut emissions and spur private investment in green energy.

“It would drive the greening of the Australian mining industry...boosting productivity, bolstering energy security, and aligning taxpayer spending with Australia’s climate, budget and economic resilience objectives,” he said.

Minerals Council of Australia chief executive Tania Constable said the increases in fuel tax credits since 2007 had correlated with a major jump in production of bulk commodities that had underpinned the country’s prosperity.

“Removing or reducing the fuel tax credit would hit Australia’s most productive industries with a massive new tax at the very moment the economy needs more investment, more projects and more high-paying jobs,” she said.

Economic Reform Roundtable agenda

Day two: Productivity August 20, 2025

Opening remarks

- Jim Chalmers, Treasurer

Presentation: Productivity and reform

- Danielle Wood, Productivity Commission chairwoman

Session 1: Better regulation and approvals

- Geraldine Slattery, president, BHP Australia
- Kelly O'Shanassy, CEO, Australian Conservation Foundation
- Michael Brennan, CEO, e61 Institute

Session 2: Competition and dynamism across the federation

- Christine Holgate, group executive chairman, Team Global Express
- Rod Sims, former chair of the Australian Competition and Consumer Commission
- Flavio Menezes, University of Queensland

Session 3: AI and innovation

- Robyn Denholm, chair, Strategic Examination of Research and Development
- Ming Long, chair of the Commonwealth Scientific and Industrial Research Organisation

Day two wrap-up

- Jim Chalmers, Treasurer

Economic Reform Roundtable agenda

Day three: Budget sustainability and tax reform August 21, 2025

Opening remarks

- Jim Chalmers, Treasurer

Presentation: Role of budget sustainability

- Jenny Wilkinson, secretary, Department of the Treasury

Session 1: Efficient and high-quality government services, spending and care

- Victor Dominello, CEO, Future Government Institute
- Angela Jackson, commissioner (social policy), Productivity Commission
- Cassandra Winzar, chief economist, Committee for Economic Development of Australia

Session 2: A better tax system

- Aruna Sathanapally, CEO, Grattan Institute
- Bob Breunig, Australian National University
- Chris Richardson, economist
- Rob Heferen, commissioner of taxation

Close and way forward

- Jim Chalmers, Treasurer

“Those consistently calling for cuts to fuel tax credits are not driven by fairness, but by a desire to tilt the playing field to their own commercial advantage. It is not about driving emissions’ reduction.”

However, lead author of the report Matt Pollard said the current system – which hands back the tax on imported diesel when it is used off-road – meant the subsidy was about five times the size of the carbon penalty miners would receive for burning the fuel under the federal safeguard mechanism.

Andrew Forrest’s Fortescue Metals Group [has campaigned fiercely for the government to overhaul the fuel tax subsidy](#). Fortescue chief executive Dino Otranto said it is undermining the government’s safeguard mechanism.

“Many miners want to make the shift, but the reality is the current system subsidises burning diesel,” Otranto said.

“The fuel tax credit, in its current form, encourages fossil fuel use – so it’s no surprise companies keep burning it.”

Rio Tinto Australia chief executive Kellie Parker has previously stated that while the company is undertaking work to decarbonise, its diesel-powered equipment would remain part of Australian mining for “some time to come”.

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