

# The Canberra Times

## Coal mine's generous diesel tax credits a fresh target

Poppy Johnston | 08 September 2025



**Diesel tax exemptions could prove lucrative for a proposed coal mine in Queensland's Bowen Basin. Photo: Dave Hunt/AAP PHOTOS**

One of Australia's largest proposed coal projects could absorb more in diesel tax exemptions in its lifetime than the initial sum sunk into its construction, environmental groups say.

About \$44 million a year would be rebated to Whitehaven for its Winchester South coal mine under the fuel tax credit scheme, which is facing renewed scrutiny for its drag on public finances and decarbonisation goals.

The tax exemptions were introduced decades ago when the Commonwealth first introduced fuel taxes, based on the principle that off-road users should be spared from the costs of maintaining infrastructure.

Fuel tax is no longer ring-fenced for road repairs, however, and critics argue the scheme has become too costly - clocking in at [roughly \\$11 billion a year](#) - and keeping diesel users hooked on the emissions-intensive fuel.

In a first for Lock the Gate, the anti-coal and gas campaigner has seized on the fuel tax credits available to a specific coal mine as a line of critique.

Whitehaven's proposed metallurgical and thermal coal mine in Queensland's Bowen Basin is already facing legal challenge from other conservation groups worried about native species, water sources and the climate, including both burning the coal and the methane that tends to escape as it's dug up.

Lock the Gate's focus on fuel tax credits follows a push to reform the scheme ahead of the Labor government's economic reform summit.

Notably, the Australian Council of Trade Unions called for a \$20 million cap on diesel tax exemptions ahead of the productivity talks, hot on the heels of Climate Energy Finance's suggestion of a \$50 million ceiling on annual fuel tax credits per company.

The think tank's model would allow businesses to claim rebates beyond the cap if they reinvested the funds into decarbonisation, such as electric trucks.

Director Tim Buckley said the "cap-and-reinvest" model had been well-received in Canberra and would only capture big miners, with farmers and small businesses well below the threshold.

Without reform, he said mining companies had little incentive to shift away from diesel - responsible for [17 per cent of Australia's annual emissions](#) - and embrace fast-advancing clean alternatives.



**Whitehaven has plans for a metallurgical and thermal coal mine in Queensland's Bowen Basin. (Jono Searle/AAP PHOTOS)**

A Whitehaven spokesperson said large-scale electrification in mining remained "technically and commercially challenging" but the miner was monitoring developments in lower-emissions options.

Responding to the Lock the Gate analysis, the company spokesperson said the fuel tax excise was designed as a "user pay system" for maintaining public roads and the credit scheme complemented it by ensuring off-road mining, construction and agriculture companies did not bear the cost.

The mining sector's contribution to the national economy "far outweighs any credit received under the system", the spokesperson said.

The Lock the Gate analysis drew on Whitehaven-released data to estimate 85 million litres of diesel would be used by the Winchester South coal mine each year and more than 2.5 billion litres across its lifetime.

In 2025 dollars, this would result in the mine receiving about \$44 million each year from the fuel tax credit scheme, or more than \$1.3 billion throughout the mine's operating life.

This total is more than the \$1 billion needed to develop the mine, as pointed out by Lock the Gate Alliance national co-ordinator Ellen Roberts.

The Winchester South coal mine has secured state-level approval and is undergoing assessment through federal environmental laws.

***Australian Associated Press***

<https://www.canberratimes.com.au/story/9060228/coal-mines-generous-diesel-tax-credits-a-fresh-target/>