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Mining giant Fortescue falls behind BHP and Rio in decarbonisation race

A deep dive into emissions from Australia's top 20 industrial and mining companies has Fortescue on the back foot compared to rivals BHP and Rio Tinto.

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4 min read May 20, 2026 - 7:48PM

Fortescue Metals CEO Dino Otranto said the ramp up of the Iron Bridge magnetite project was the biggest contributor to the increase in emissions. Picture: Ross Swanborough

Andrew Forrest-led Fortescue has blamed a troubled magnetite operation for losing ground to iron ore rivals BHP and Rio Tinto in the race to decarbonise despite setting far more ambitious net zero targets.

Fortescue also maintains it is on the cusp of a major milestone in weaning itself off diesel-powered haul trucks after several years of trialling electric and hydrogen

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A deep drive into emissions from Australia's top 20 industrial and mining companies shows Fortescue's emissions increased by 21.6 per cent over the past five years while BHP cut its emissions by 7.7 per cent and Rio by 2.1 per cent.

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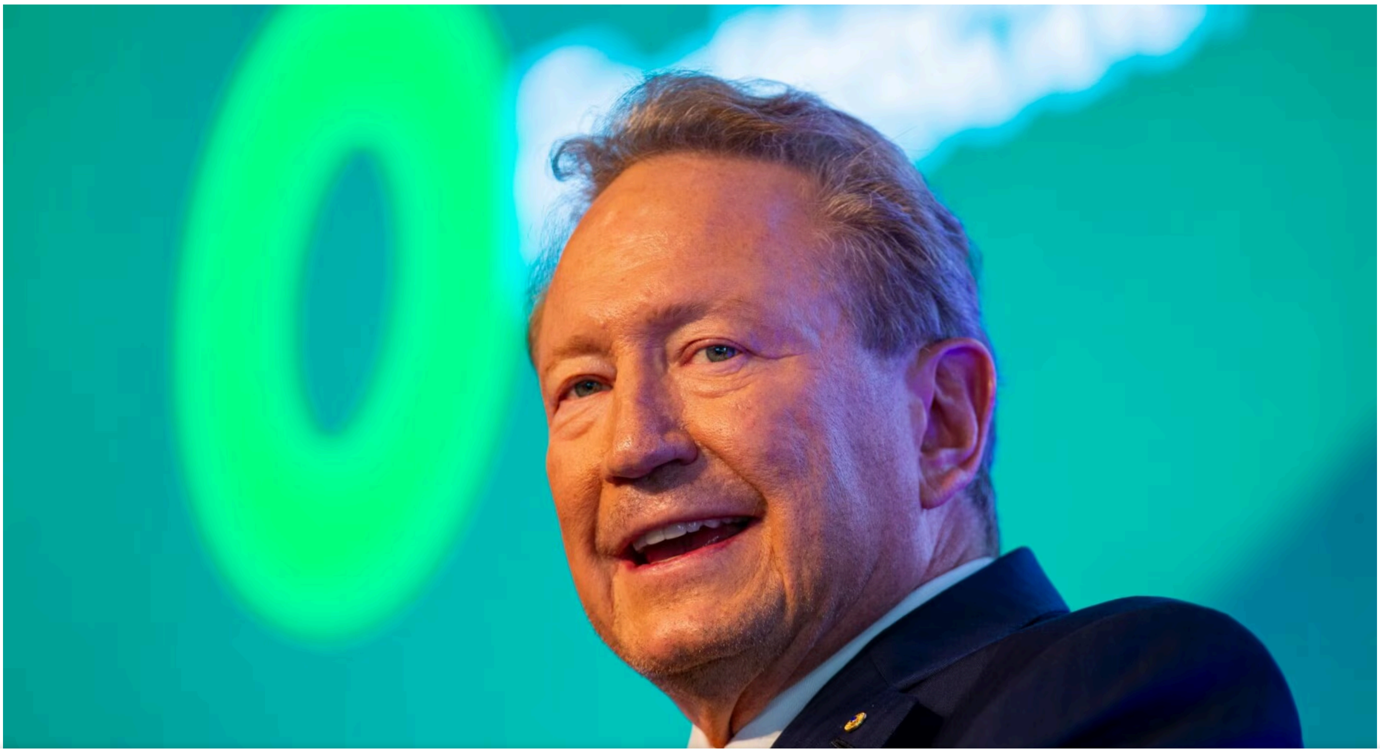
Emissions from Chris Ellison-led Mineral Resources, estimated to be burning through about 120,000 litres of diesel every 24 hours in operating a fleet of jumbo road trains to cart iron ore to port, increased by 33 per cent over the five-year period as it launched the Onslow Iron business.

The research was carried out by consultancy firm Mandala, which previously produced an influential report that helped shape the Albanese government's production tax credits for critical minerals processing.



Climate Energy Finance Director Tim Buckley says Fortescue – with chairman Andrew Forrest's leadership – has committed to "driving decarbonisation" of its entire Scope 1 and Scope 2 emissions thi…

Fortescue metals chief executive Dino Otranto said the ramp up of the Iron Bridge magnetite project was the biggest contributor to the increase in emissions and noted the company was spending billions of dollars on a vast renewable energy grid in Western Australia's minerals-rich Pilbara.

The miner and its joint venture partners spent about $6.2bn on Iron Bridge compared to an initial budget of $US2.6bn ($3.66bn) in 2019.

intensive process to turn low-grade ore into a high-grade concentrate that has a higher iron content and sells at a premium to iron ore produced from hematite mines in the Pilbara.

"Fortescue has brought online and is ramping up Iron Bridge – a major magnetite operation that is fundamentally different to traditional hematite mining and carries a higher energy intensity processing facility," Mr Otranto said.

"We have consistently said emissions would rise during this phase before declining later this decade as our decarbonisation projects and fleet transition accelerate. That trajectory remains unchanged.

"As we decarbonise our grid, we are curbing the emissions that would've otherwise been generated from this new facility and we'll see a significant impact from this investment in 2027-28."

Fortescue's guidance is to export 195-205 million tonnes of iron ore in 2025-26 , including 10-12mt from Iron Bridge operations which have never produced anywhere near nameplate capacity of 22mt a year.

Andrew Forrest, founder and executive chairman of Fortescue, speaks with WSJ Leadership Institute President Alan Murray, and says renewable energy is quicker to bring into production, is already the…

The Mandala research covers BHP and Rio emissions across the globe and various commodities whereas Fortescue operations are limited to iron ore mining in the Pilbara.

All three of the miners are experimenting with using electric haul trucks in iron ore mining with BHP and Rio working in partnership with machinery manufacturers Caterpillar and Komatsu.

None of them have electric haul trucks in use as part of their day-to-day operations and Fortescue has abandoned plans to use hydrogen as a fuel source since sending a prototype dubbed the Europa to the Pilbara in 2024.

There remain doubts about re-charging systems and times for electric trucks able to match the 240-tonne carrying capacity of the incumbent diesel-powered fleets.

Mr Otranto said on Wednesday that Fortescue was accelerating the transition of its fleet in line with hitting a target of zero emissions from mining operations by 2030, and vowed that the company would have a battery-electric truck operating before the end of 2026.

“Our first operational battery-electric haul truck – a Liebherr T 264 integrated with a Fortescue Zero power system – will enter operations later this year after multiple trials

"This is a critical step toward replacing one of the largest sources of emissions in our operations."

One of Fortescue's battery-operated haul trucks.

Fortescue said its Liebherr trucks would have a 240 tonne payload. The company is leaning towards operating electric trucks so that the battery never runs down completely. Under such a system, recharging stations would be spread around its operations with AI dictating when to plug-in.

Under a deal Fortescue signed with XCMG last year, the Chinese manufacturer is expected to supply up to half of a fleet of up to 400 240-tonne haul trucks deliveries due to start from 2028.

XCMG does not have anything like a 240-tonne haul truck on the horizon but is working on a prototype with a smaller carrying capacity as a stepping stone to meeting the Fortescue requirements.

In response to the Mandala report showing an increase in Fortescue emissions, Mr Otranto said: "What matters is not standing still. It is whether you are prepared to change the way mining operates. Fortescue is doing exactly that, at a scale unmatched in the Pilbara.

"We hear the technology isn't available and we just don't agree."

needed to run directly though the sector.

“Since 2020, emissions from industrial activities in Australia have decreased by about 7 per cent. But we suspected that the aggregate figure may mask significant variation across individual companies,” he said

“This analysis reveals a wide disparity among Australia’s largest 20 industrial companies. While some of the variation reflects shifting patterns of growth and portfolio change, there is also a clear case of some industrials doing the heavy lifting.”

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