Australian Government
The Treasury

Meeting Brief

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FOR INFORMATION - Meeting Brief - Rio Tinto - Wednesday 25 March 2026

TO: Treasurer - The Hon Jim Chalmers MP

PURPOSE OF MEETING

- Mr Matthew Holcz, Chief Executive of Iron Ore at Rio Tinto, is meeting with you s 22 [redacted]

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- Other issues relevant for the discussion could include the Fuel Tax Credit and tax reforms.

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KEY MESSAGES

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Fuel Tax Credit (FTC) scheme

- FTCs provide businesses with a credit for the excise that is included in the price of fuel if the fuel is used in light vehicles travelling off public roads or on private roads, heavy vehicles, or certain non-vehicle settings (machinery, plant and equipment).
  - As at February 2026, the fuel excise is 52.6 cents per litre (cpl).
- Operators of heavy vehicles travelling on public roads can only claim a partial FTC. Their FTC is reduced by the Road User Charge (RUC), which is intended to recover the heavy vehicle share of road expenditure.
  - For 2025-26, the RUC is 34.2 cpl, meaning eligible businesses are remitted 18.4 cpl in fuel excise paid.
- As FTCs provide eligible businesses with a credit equal to the tax paid on fuel used, there is no net payment from Government.
  - This is consistent with the principle that general revenue raising taxes should not apply to business inputs.
- <u>Note</u> that there has been recent media articles regarding the FTC, including commentary from advocacy and industry groups on the scheme in light of the crisis in the Middle East.

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BACKGROUND

FTC scheme

- The FTC scheme was introduced in its current form in 2006. Prior to this, similar schemes included the Energy Grants (Credits) Scheme and the Diesel Fuel Rebate Scheme.
    - Eligibility criteria for these schemes evolved over time. Generally miners and farmers have always been entitled to credits, whereas rail, manufacturing, construction and on-road heavy vehicles have gained and lost access at various points.
- FTCs are classified as expenses for budget purposes. Government expenditure on FTCs was $9.8 billion in 2024-25 and is expected to increase to $12 billion in 2028-29.
- Over 100,000 businesses claim FTCs each year and the claimant population is highly diverse.

Fortescue's FTC proposal

- On 30 May 2025, Fortescue published *Incentivising Diesel Decarbonisation*. The report advocated for the following changes to fuel tax credits:
    - A cap on fuel tax credits at $50 million per consolidated group.
    - Additional revenue as a result of the cap to fund a new Transition Tax Incentive to invest in mine electrification and decarbonisation.
- Fortescue's proposal has received support from some teal crossbenchers and most recently Labour's Environmental Action Network.
    - The Australian Council of Trade Unions has also come out in support of a cap, which they suggest setting at $20 million.

Recent media attention on FTCs

- There has been growing public criticism of the FTC scheme which describes the scheme as a fossil fuel subsidy.
    - The OECD and the International Energy Agency include FTCs in their reporting on fossil fuel subsidies.
        - Further, the Australian Taxation Office, who administer the FTC scheme, classify FTCs as a subsidy in their annual financial reporting.
- In recent reports, the Productivity Commission, the Grattan Institute and Allegra Spender have all recommended reducing the value of the fuel tax credit claimable per litre of fuel.
- In January 2026, the Greens released a statement to the media advocating for the FTC scheme to be abolished.

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FOR INFORMATION - Meeting Brief - BHP - Monday 30 March 2026

TO: Treasurer - The Hon Jim Chalmers MP

PURPOSE OF MEETING

- BHP (Mr Brendon Craig, CEO-elect), have asked for this meeting. Mr Craig has not proposed an agenda, but we understand this will be an introductory meeting.

KEY MESSAGES

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Fuel Tax Credit scheme

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  - As at February 2026, the fuel excise is 52.6 cents per litre (cpl).
- Operators of heavy vehicles travelling on public roads can only claim a partial FTC. Their FTC is reduced by the Road User Charge (RUC), which is intended to recover the heavy vehicle share of road expenditure.
  - For 2025-26, the RUC is 34.2 cpl, meaning eligible businesses are remitted 18.4 cpl in fuel excise paid.
- As FTCs provide eligible businesses with a credit equal to the tax paid on fuel used, there is no net payment from Government. This is consistent with the principle that general revenue raising taxes should not apply to business inputs.
- <u>Note</u> BHP is not supportive of changes to FTCs, as reflected in their 2024-25 pre-budget submission and they support the rationale that FTCs are a mechanism to remove the incidence of excise rather than a subsidy.

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