

For Immediate Release

Climate Capital Forum calls for immediate passage of Production Tax Credit Legislation to kickstart Australian green manufacturing

CANBERRA, 5 February 2025 – The [Climate Capital Forum](#), a network of investors, industry, climate finance experts and philanthropists, are calling on the federal government to immediately pass the Production Tax Credit Legislation (PTC) during this sitting week.

PTC incentives form the financial backbone of the Future Made in Australia package, with a pay on delivery model that ensures funding only goes out to industry once the product is successfully produced.

The Forum is encouraged by the Prime Minister Anthony Albanese's commitment that passing the production tax credits legislation is his first priority and we encourage all sides of parliament to unite behind this nation building legislation.

Climate Capital Forum delegates are in Canberra this week, meeting with members of parliament to ensure the future of Australia's energy security. Further comment from delegates below.

Key asks of Climate Capital Forum

1. Pass the Production Tax Credit legislation, including specific and verifiable Community Benefit Principles, in the February 2025 sitting weeks;
2. Expand Future Made in Australia to support the establishment of a green iron and green alumina industry value-adding alongside critical mineral processing, green hydrogen production and critical mineral processing.
3. Establish a Sustainable Aviation Fuel consultation to determine the most efficient mechanism to support the development of a sustainable aviation fuel industry in Australia and embed this within the Future Made in Australia initiative.

What are Production Tax Credits/Incentives?

Production tax credits are a financial incentive for companies that produce target products like green hydrogen, green aluminium or process critical mineral ores into higher value metals, like lithium hydroxide, onshore.

Production tax credits or incentives help close the initial price gap between established overseas producers or fossil fuel based production, and new onshore facilities utilising clean production techniques.

The credits provide a clear signal to investors that Australia is serious about establishing a large-scale clean mineral production economy and will help secure the significant capital investments required to build these new industries.

The credits also require that companies meet certain Community Benefit Principles including the provision of safe and secure jobs, delivering positive outcomes for host communities and First Nations communities, and strengthening domestic supply chains. This ensures that investment into new industrial capacity will deliver direct and indirect benefits to the community. Climate Capital Forum views these as instrumental to creating a level playing field and ensuring Australia builds a strong social licence for new industries.

As production scales and becomes more competitive, overtime these industries will become self-sustaining which is why the tax credits will expire after 10 years.

What incentives are being provided?

Hydrogen Production Tax Incentive - a \$2 incentive per kilogram of renewable hydrogen produced will be provided for up to ten years, between 1 July 2027 and 30 June 2040

Critical Minerals Production Tax Incentive - a refundable tax offset of 10% for the costs of processing the 31 critical minerals currently listed in Australia. The credit will be available for a maximum of 10 years between 1 July 2027 and 30 June 2040.

Green Aluminium Production Credit - an emissions-linked credit contract payable per tonne of green aluminium produced for up to 10 years.

Why support green iron and alumina production?

Climate Capital Forum welcomes the announcement of the \$2 billion green aluminium production incentive and calls for bipartisan support for this critical initiative.

The Forum also calls for support for green iron and steel production as well as support for green alumina production base to supply the aluminium smelters.

Australia is the largest iron ore exporter in the world, mining 929 million tonnes of iron ore in 2023 equivalent to 39% of total global production. Globally steel-making generates 7-9% of greenhouse gas emissions. Investors and finance will only move at scale when there is a clear price signal in international trade (e.g. an Asian CBAM to leverage the EU CBAM), but we can't afford to wait, we need the government to support first-of-a-kind deployments here.

Establishing a large-scale onshore green iron industry in Australia using our abundant renewable energy resources to process iron ore into iron, the most emissions-intensive part of the steelmaking process, would provide an opportunity to sustain the industrial ecosystems of our trading partner, like Japan, South Korea, Taiwan and to a lesser degree China, while enabling them to achieve their emissions reduction targets. Building trilateral support with our key trade partners could cost-effectively build demand pull and political will.¹

Similarly, Australia is the second largest producer of alumina in the world. Securing the future of this industry will require support for industry to make the investments needed to shift to clean production methods and retain the jobs they support while reducing emissions.

Why support Sustainable Aviation Fuel?

Developing a domestic Sustainable Aviation Fuel industry will help Australia to improve fuel security and transition from dependence on imported fossil based aviation fuel. Australia is well positioned to produce Sustainable Aviation Fuel, due to the nation's strong agricultural sector, however support is required to establish the first facilities. Establishing a consultation process will help determine the level of support and optimal policy mechanisms required to build this important industry.

Quotes from Climate Capital Forum members

Blair Palese (Founder, Climate Capital Forum, and Ethinvest)

“Australia must move fast to grab the incredible economic opportunities in the growing global zero emissions market with incentives to encourage strategic manufacturing, more renewable energy and storage capacity and clear signals to investors to ramp up funding.”

“This is a pivotal ‘blink and you miss it’ moment in a global race to decarbonise.”

Tim Buckley (Director, Climate Energy Finance)

“Passing the Production Credits legislation is a critically important step forward for Australia in building momentum in zero emissions industries of the future, particularly in unlocking investment in value-adding our mining resources pre-export.”

“Production credits are a critical interim government support until a price of carbon emissions

¹ The Mandarin, [Yes, we really do need a Clean Commodities Trading Company](#), 23 January 2025

in international trade e.g. an Asian CBAM is established, to extend and leverage the EU & UK CBAM, to provide the needed market price signal valuing embodied decarbonisation.”

Contact: tim@climateenergyfinance.org | 0408 102 127

John Grimes (Chief Executive, Smart Energy Council)

“Australia is uniquely positioned to become a critical mineral and renewable energy superpower, but the time to move is now or we’ll be left behind.”

“Australia’s dig and ship mining economy must pivot to an onshore value adding model where more of the resource value remains here, and the carbon footprint is reduced, a win win.”

Contact: tim@smartenergy.org.au 0448 972 192

Linda Romanovska (Partner, Head of Sustainability, Materra)

“With both the US IRA on pause and the EU taking time to refocus following the recent release of the EU’s Competitiveness Compass, Australia has the opportunity to emerge as one of the leaders in the global Green Tech race.”

“Adopting the Tax Credits Bill is crucial to kick-start industries vital for a competitive future economy and for leveraging this opportunity.”

Contact: linda@melomys-advisory.com | 0490 117 771

Satya Tanner, (CEO, LAUTEC Australia)

“Ninety one percent of our liquid fuels are imported via vulnerable shipping routes. Making products such as Sustainable Aviation fuel in Australia firms up fuel security and ultimately National Security, delivering economic benefits to our farmers and the regions. Production Tax Credits are critical for building this capability.”

“Energy self sufficiency and resilience are key to navigating the global upheavals we see. Production tax credits are key to developing local energy security in Australia.”

Contact: sta@lautec.com | 0451 917 083

Kirk McDonald (Project Manager - Supercharge Australia at New Energy Nexus)

“Production Tax Credits for critical minerals processing are a necessary first step for Australian businesses to deliver the important first processing stage after mining in our nascent lithium battery value chain.”

“It’s a critical ‘success fee’ for Australia’s future economic prosperity and will support startups and emerging businesses all along the value chain that will deliver us everything from

precursor materials, components, cells, batteries, management systems and recycling technologies.”

Contact: kirk.mcdonald@newenergynexus.com | 0412 336 848

[*Future Made in Australia \(Production Tax Credits and other measures\) Bill 2024](#)

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