



For Immediate Release

Climate Capital Forum applauds the passage of the Production Tax Credit bill to help kickstart Australian green manufacturing

SYDNEY, 12 February 2025 – Last night’s passage of the Production Tax Credit bill (PTC) through the House, days after Senate approval, is a win for Australia’s economy and vital part of what’s needed to help kickstart green manufacturing in Australia according to the [Climate Capital Forum](#), a network of investors, industry, climate finance experts and philanthropists, are

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.

Forum members said the Government's PTC legislation is critical for a wide range of innovative Australian startups and businesses to succeed in the rapidly expanding decarbonising global market, particularly with the political shift in the US.

“This week’s successful passage of Production Tax Credits is a win for the Australian economy, our companies, communities, workers and cleantech sector,” said Blair Palese, founder of the Climate Capital Forum. “The Albanese Government’s Future Made in Australia legislation, with this new PTC bill, provides our emerging net zero companies a real shot of getting up and out to the global market at a time when demand is ramping up globally and the leadership role of the US is in doubt.”

“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,” said Tim Buckley, director of Clean Energy Finance. “Production credits provide much needed government support until a price of carbon emissions in international trade is established, to extend and leverage the EU & UK CBAM, to provide the needed market price signal valuing embodied decarbonisation.”

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.

Key asks of Climate Capital Forum

1. Pass the Production Tax Credit legislation, including specific and verifiable Community Benefit Principles.
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.

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Contact:

Tim Buckle, [Climate Energy Finance](mailto:tim@climateenergyfinance.org): tim@climateenergyfinance.org, 0408 102 127

Blair Palese, Founder - [Climate Capital Forum](mailto:b.palese@ethinvest.com.au): b.palese@ethinvest.com.au, 0414659511

Kirk McDonald, [Supercharge Australia](mailto:kirk.mcdonald@newenergynexus.com) at New Energy Nexus:

kirk.mcdonald@newenergynexus.com, 0412 336 848

Satya Tanner, CEO, [LAUTEC Australia](mailto:sta@lautec.com): sta@lautec.com, 0451 917 083.

For More Information:

[Climate Capital Forum](#)

[Future Made in Australia legislation](#)

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