

28 February 2024

Why Australia needs a Production Tax Credit

Today, AMEC led a broad delegation of companies to Canberra to progress discussions with the Commonwealth Government about a Production Tax Credit (PTC).

The delegation included mining and exploration companies crucial to the critical minerals sector, such as Wyloo Metals, IGO, Australian Vanadium, QEM and Pilbara Minerals, with consumer facing juggernaut Tesla.

“Today’s meetings provided an opportunity to relay the real struggles facing the industry at the moment. It also sends a strong message to the Federal Government that the time for action is now.

“The upcoming Federal Budget provides Treasury with a lever to pull that will reinvigorate the critical minerals sector and help Australia compete further downstream”.

“If Australia wants to be more than a dig and ship country, now is the time to provide incentives required for the energy transition vision,” commented AMEC Chief Executive, Warren Pearce.

In 2023, AMEC engaged Mandala Partners to economically model the introduction of an US Inflation Reduction Act (IRA) style PTC into Australia. It concluded that a 10% tax credit for downstream materials producers would reduce the production cost disadvantage faced by Australian projects compared to the USA.

The implementation of a PTC is a part of a future where Australia goes from having critical minerals strategies, to delivering on them, creating thousands of new job and a new high value industry for Australia.

Across the globe, there have been over 1500 different incentive programs aimed at securing a piece of the critical minerals supply chain. The United States’ IRA is the most notable, with a trillion dollar package of incentives to motivate companies to setup downstream processing on their shores.

“Australia has no monopoly on success.

“Just because we have the minerals in the ground doesn’t mean we are guaranteed to get the investment needed to find, mine and add value to them. It provides us with an opportunity, but that is all.

“Right now, these are some of the hard truths that need to be recognised: Australia has lengthy approvals timeframes, is an expensive place to do business and is seeing investment lured overseas by global incentives such as the IRA.

“The PTC Report focuses on what Australia can do to compete with nations that are moving the dial on incentives.

“Nickel is a canary for the critical mineral sector. Beyond the thousands of local jobs already lost, we now face the real risk that new critical minerals value adding projects in Australia will simply not happen because our competitors have moved first,” added Mr Pearce.

A PTC could help other minerals required to pull the supply chain puzzle together; Lithium, Rare Earths, Vanadium, Graphite, Cobalt and many more – who without support, simply can’t compete on a global scale to pursue new projects and set Australia up for the energy transition.



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“Today, we put our cards on the table. It’s now over to the Albanese Government. If Australia truly wants to seize the opportunity of the global energy transition, of which the critical minerals industry is the backbone, then a PTC is an important part of the answer,” said Mr Pearce.

A link to the full PTC Report can be found on the [AMEC Website](#), including a 60 second video and FAQ section.

The delegation includes the following companies and their representatives:

Luca Giacobazzi, CEO – **Wyloo Metals**
Robyn Denholm, Chairman of the Board – **Tesla**
Matt Dusci, Chief Development Officer – **IGO**
Sandra McInnes, Chief Sustainability Officer – **Pilbara Minerals**
Andrew Penkethman, Managing Director - **Ardea Resources**
Samantha McGahan, Manager Corporate Affairs - **Australian Vanadium**
Ashley Martin, General Manager - **Atlantic Vanadium**
Gavin Loyden, Managing Director - **QEM**
Tom McMahon, Director – **Mandala Partners** (authors of ‘PTC Report’)

ENDS –

For interviews with Warren Pearce please contact Ryan Rampling to co-ordinate – 0419 809 341 / ryan.rampling@amec.org.au