

14 May 2024

Green light for Critical Minerals Production Tax Incentive

The Association of Mining and Exploration Companies (AMEC) commends the leadership and vision of Prime Minister Anthony Albanese and Treasurer Jim Chalmers, with tonight's announcement of a Critical Minerals Production Tax Incentive for Australia in the 2024/25 Federal Budget.

The commitment of \$7 billion over 10 years, for 31 critical minerals on the critical minerals list, provides the assistance and incentive to industry that is required right now.

AMEC Chief Executive, Mr Warren Pearce, said "This announcement from the Treasurer, demonstrates how serious the government is about the energy transition and decarbonising the Australian economy.

"A Critical Minerals Production Tax Incentive is the cornerstone of the 'Future Made in Australia' strategy and sends a clear message to Australians and the world, that Australia means business."

As part of its advocacy, AMEC has been working closely with Minister for Resources, Hon Madeleine King MP, for over a year, to develop this proposal and embrace our country's downstream opportunity. And we thank Minister King for her strong support of our industry, and her commitment to Australia embrace value-adding opportunities for our critical minerals.

"Australia is already so much more than a dig and ship country. This announcement strengthens the economics to ensure we can value-add to our critical minerals, which are highly sought after across the globe.

"It will generate new projects in new industries that will drive further economic growth, thousands of new jobs and continue to deliver our high standard of living," said Mr Pearce.

A Production Tax Incentive will provide a 10 per cent tax credit to companies undertaking downstream processing that value-adds to raw minerals. There are already companies looking to do this, with a tax credit an important lever to encourage action.

"This is a proven mechanism that will reward those willing to take a risk in establishing new and costly industries, that if successful, will deliver a significant return on investment for Australia.

"To be clear, this incentive is a zero-risk approach for Australia to take. If companies don't produce a value-added product, they don't receive a tax credit. It's as simple as that," added Mr Pearce.

A Production Tax Incentive ensures that the Tax Office only returns cash to a company if and when it enters into production. Therefore, a safer measure compared to direct grants or accelerated depreciation schemes that could see money lost and potentially leave projects half-finished if market sentiment changes.

AMEC co-authored a report with Mandala Partners in 2023, that highlighted the benefits of a tax credit. It also helped illustrate the multiple funding models already in place around the world, including the United States Inflation Reduction Act (IRA).

AMEC would like to thank the following companies for providing information and important operational data, that helped form the Report:

- Liontown
- Mineral Resources
- IGO
- Wyloo Metals
- Arafura Resources
- Ardea Resources
- Australian Vanadium Limited
- Atlantic Vanadium
- Hastings
- QEM
- Pilbara Minerals
- Tesla

“With the world positioning itself for the future net-zero economy, this policy setting gets us back in the game.”

“A couple of years ago Australia was attracting major new investments, with new value-adding projects set up in lithium for example. Then, an influx of massive market interventions like the IRA began and we watched that investment move elsewhere. It’s such an obvious opportunity for us and we can’t let it slip away.”

This is an innovative approach, designed to help new industries establish themselves and breed cutting edge technology. This could be the catalyst that creates the major companies of the future.

When the Prime Minister launched his big picture pitch to create a ‘Future Made in Australia’, he commented that “If we don’t act to shape the future, the future will shape us.”

“Well he’s right, Australia can’t afford to sit on the sidelines while other countries put measures in place to secure their future. This is a global race to decarbonise the economy, and Australia is finally at the start line.”

“Doing nothing simply isn’t an option,” concluded Mr Pearce.

ENDS –

Dropbox link with news grabs for video and audio from AMEC Chief Executive Officer – Warren Pearce: [NEWS GRABS + Pics - AMEC CEO Warren Pearce](#)

For more information and to read the full PTC Report visit: [Report & FAQs](#)

AMEC MEDIA RELEASE



For further comment or to organise an interview with Warren Pearce, please contact Ryan Rampling – National Manager of Media & Communications – 0419 809 341 / ryan.rampling@amec.org.au



Media enquiries to:
Ryan Rampling | Manager - Media & Communications
M: 0419 809 341 | E: ryan.rampling@amec.org.au
www.amec.org.au