

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Inquiry into the Future Made in Australia (Production Tax Credits and Other Measures) Bill 2024 [Provisions]

Department: Department of the Treasury
Topic: Green Aluminium Production Credit
Reference: Written
Senator: **Dean Smith**

Question:

1. What is the legislative basis for the Green Aluminium Production Credit?
2. Officials at the public hearing confirmed the Green Aluminium Production Credit is not a tax credit. What is it a credit against?
3. Is this a Future Made in Australia support under the FMIA Act?
4. The Australian Financial Review has reported that the Green Aluminium Production Credit would not require legislation. What is the legal basis of the funding if there is no specific appropriation? Is the Department satisfied with the constitutional basis of this under *Williams v Commonwealth* and has the Department sought any external legal advice on the constitutionality of the payment?
5. Is it accurate to characterise the Green Aluminium Production Credit as a production payment?
6. Is the Green Aluminium Production Credit a Future Made in Australia support under the FMIA act, and if so, is that grant subject to the Community Benefit Principles?
7. Did the Treasury conduct a sector assessment for Green Aluminium and, if so, what was the outcome of that sector assessment?
8. Was the National Interest Framework used to assess the \$2 billion spend on the Green Aluminium Production Credit, and if not, why?

Answer:

1. This question is best addressed to the Department of Industry, Science and Resources (DISR), as the implementing agency for the Green Aluminium Production Credit. A similar question was put to DISR at IQ25-000003.
2. This question is best addressed to the Department of Industry, Science and Resources (DISR), as the implementing agency for the Green Aluminium Production Credit. A similar question was put to DISR at IQ25-000002.
3. The Australian Government identified green metals (iron, steel, alumina and aluminium) as a priority sector under the Future Made in Australia (FMA) National Interest Framework – Net Zero Transformation stream in the 2024-25 Budget. The Green Aluminium Production Credit (the Credit) is not currently prescribed as FMA support under the Future Made in Australia Act 2024 (the Act). The Act prescribes FMA support as funding provided under:
 - a. ARENA's FMA Innovation Fund, and
 - b. the domestic National Interest Account administered by Export Finance Australia.

The Act also establishes that funding can be prescribed as FMA support through legislation or rules under the Act. The Act prescribes under Section 10(2) the definition of FMA support.

4. Please refer to question 1 response above.
5. While payments under the Credit will be tied to the tonnage of production of green aluminium, it would not be accurate to characterise the Credit as a “production payment” of the type used in the mining, oil and gas industries.
6. Please refer to question 3 response above.
7. The *2024-25 Budget National Interest Framework Supporting Paper* identified how assessments against the *National Interest Framework* informed policy decisions in the 2024-25 Budget.
 - The assessment identified the green metals sector (iron, steel, alumina and aluminium) aligned with the net zero transformation stream.
 - The Government took a decision, based on all the advice provided to them, to select green metals as being aligned with the net zero transformation stream.
 - The *Future Made in Australia Act* which details the requirements for the specific sector assessment process you refer to had not been legislated when this assessment took place.

8. As mentioned in the response to Q7, the Government identified green metals (iron, steel, alumina and aluminium) as being aligned with the net zero transformation stream in the 2024-25 Budget.

As part of the Future Made in Australia agenda, the Government's Future Made in Australia Act 2024 establishes a National Interest Framework, sector assessment process and community benefit principles to guide decision making in relation to significant public investment in the national interest.

- Since the 2024-25 Budget, the Government has progressed the broad range of reforms that underpin the Future Made in Australia agenda. This has included progressing the implementation of programs, including consulting on support for Australian green metals and low carbon liquid fuels industries.

The Green Aluminium Production Credit is an outcome of the assessment in the 2024-25 Budget, extensive public consultation with industry, advice from the Industrial Decarbonisation and Green Metals Advisory Panel and Government decision making.