

Wednesday, 8 January 2025

Submission to the Senate Economics Legislation Committee

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

Dear Chair,

Thank you for the opportunity to make a submission to the Inquiry into the Future Made in Australia (Production Tax Credits and Other Measures) Bill 2024. Alpha HPA is pleased to contribute views on this important piece of legislation from the perspective of a commercial production facility, now under construction, which has a substantial opportunity for future growth in the Australian economy.

Support for the Production Tax Credits (PTCs)

Alpha HPA welcomes the introduction of the “Hydrogen Production Tax Incentive and the Critical Minerals Production Tax Incentive”, as outlined in the Bill. As a critical minerals company, we believe it important to clarify our feedback relates only to the “Critical Minerals Production Tax Incentive” section of the Bill.

We believe these incentives are a meaningful step forward in supporting Australia's critical minerals industry. As a business bringing new, Australian owned technology to commercialisation, we expect the PTCs are to improve cash flows available to Alpha HPA during the startup phase of the commercial facility, extending the cash flow runway to provide additional time to address commissioning and debottlenecking issues.

Alpha HPA believes its crucial to distinguish between launching a new downstream manufacturing and processing technology for critical minerals and operating a traditional resource commodity business using conventional process techniques, like a copper mine and copper concentrator and refinery. Alpha HPA believes PTCs play a key role in supporting the early commercialisation of these new critical mineral technologies, as cash flows during this phase are highly susceptible to market volatility and operational challenges.

Finally, Alpha HPA considers that the PTC's also act as an effective signal for material Government support of the Australian critical minerals sector which in turn helps to attract and retain private capital, driving growth and innovation for the industry.

About Alpha HPA



Alpha HPA is a leading producer of high-purity aluminium products based in Gladstone, Queensland, committed to supporting the transition to a low carbon economy. Our novel purification process and sustainable practices position us at the forefront of the critical minerals sector in Australia and globally. Our operations contribute to the socio-economic development of the region, fostering local job creation and supporting regional supply chains.

Stage One of our HPA First Project in Gladstone is currently in production and represents the first commercial application of our proprietary licensed solvent extraction and refining technology to produce our full high-purity aluminium product range in small commercial quantities. The facility hosts a state-of-the-art testing laboratory to maintain Alpha HPA's stringent focus on process purity and quality control. Stage One operates 24/7 and runs on renewable energy while creating 50 full time jobs in the local community, with ~45% of them being female.

Stage Two of our HPA First Project in Gladstone, currently under construction, is and the deployment of our process technology at full scale and will represent the world's largest single site manufacturing facility for high-purity aluminium materials. The 10-hectare, state-of-the-art facility will leverage the established Stage One facility, and the latest in process control systems and automation, capable of producing 10,000 tonnes of HPA equivalent per year. Once operational in late 2026, we will create 120 additional full time job opportunities for the local community and during construction generate more than 300 jobs. The site will continue to run on renewable electricity.

Our production process involves value-adding to existing domestic supply chains in mineral processing, transforming a common industrial material into high-purity aluminium products used in critical industries such as semiconductors, lithium-ion batteries and LED lighting.

Specific Legislative Comments

Alpha HPA is supportive of the Future Made in Australia (Production Tax Credits and Other Measures) Bill 2024. We recognise the importance of these measures in fostering a robust and competitive critical minerals sector in Australia. Alpha HPA has feedback on three specific aspects of the draft legislation as proposed:

1. Support for Early Commercialisation of Critical Minerals Technologies

It is important to recognise the difference between starting up a downstream manufacturing and processing facility for critical minerals versus a traditional resource commodity operation such as a copper mine and copper concentrator and refinery. Alpha HPA believes the PTCs will be very material to supporting these new critical minerals manufacturing and processing technologies in their early commercialisation phase. This phase is particularly vulnerable as it is the period of maximised capital deployment and low cash flow, making the financial support offered by the PTCs well timed to support Company's deploying large capital sums on new projects and new technologies.

2. Familiarity with R&D Tax Rebate Scheme

Alpha HPA believes that the design of the PTCs to mirror the existing R&D tax rebate scheme is a positive aspect of the Bill. Many companies, including Alpha HPA, are already familiar with the processes and requirements associated with the R&D tax rebate. This familiarity will facilitate a smoother transition and more efficient claiming process for the PTCs, reducing administrative burden and allowing companies to focus on their core activities.



3. Annual Reporting Requirements

We note that the Bill requires companies to provide an Annual Report within 30 days of the end of the financial year. While we understand the need for timely reporting, we suggest extending this period to 45 days. This extension would provide companies with sufficient time to prepare and ensure the accuracy of the required information, without compromising the quality of the reporting.

4. Definition of Extractive Metallurgical Processing

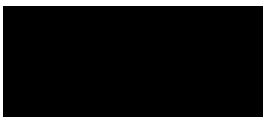
The current wording in the Bill regarding "extractive metallurgical processing" appears to be quite narrow. We suggest amending the definition to "the processing activities must substantially concentrate or convert the critical mineral into a more refined material in line with the relevant critical mineral end-user physical and chemical specifications." This broader definition would better encompass the range of processing activities undertaken by companies like Alpha HPA and align more closely with industry practices and end-user requirements.

While there are areas for potential improvement, Alpha HPA supports the intention of the Bill and looks forward to its implementation. Thank you for considering our submission. We look forward to further engagement on this important matter.

Yours sincerely,



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Managing Director
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Rob Williamson
Executive Director and Chief Operating Officer
Alpha HPA

