



| Green Aluminium Production Credit – do not proceed | |
|---|---------------|
| Party: | The Coalition |
| <p>Summary of proposal:</p> <p>The proposal would reverse the Green Aluminium Production Credit, available from 2028–29, to support Australia’s aluminium smelters to transition to renewable electricity.</p> <p>The proposal would be ongoing and start on 1 July 2025.</p> | |
| <p>Additional information (based on further advice provided):</p> <p>The reversal would also include the Government’s \$1.5 million over 3 years to shape standards for green aluminium.</p> | |

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$8.2 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in administered and departmental expenses.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Green Aluminium Production Credit – do not proceed – Financial implications (\$m)^{(a)(b)}

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Total to 2028-29 |
|-------------------------|---------|---------|---------|---------|------------------|
| Fiscal balance | 2.4 | 1.4 | 2.3 | 2.1 | 8.2 |
| Underlying cash balance | 2.4 | 1.4 | 2.3 | 2.1 | 8.2 |

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- All funding associated with the Green Aluminium Production Credit (\$2 billion in total from 2028-29 to beyond the medium term) would be reversed.
 - No additional costs would be associated with reversing contractors or staffing as all funding is uncommitted and no contractual obligations are in place.
 - Around 50% of the total funding allocated would be exhausted over the medium term and the remaining 50% exhausted after the medium term period. The annual funding profile would scale up over the medium term to support the transition.

- Departmental funding would be required over the medium term to manage the policy/program, and to undertake an evaluation in 2030.
 - Assumed to be on average around \$1.5 million annually.

Methodology

The financial profile of administered and departmental funding over the forward estimates periods was informed by the Department of Industry, Resources and Science (DISR), and was reversed.

Beyond the forward estimates period the financial impact is around 40% of the \$2 billion funding to be allocated through specific grants or credits (and scaled up). Departmental funding of \$1.5 million annually would be required over the medium term.

Financial implications were rounded consistent with the PBO's rounding rules.¹

Data sources

Commonwealth of Australia (2025) [Joint media release: Aluminium to forge Australia's manufacturing future | Ministers for the Department of Industry, Science and Resources](#) [media release], Commonwealth of Australia. Accessed 8 May 2025.

Commonwealth of Australia (2024) *2024-25 Budget*, Commonwealth of Australia.

Commonwealth of Australia (2024) *2024-25 Mid-Year Economic and Fiscal Outlook*, Commonwealth of Australia.

Department of Industry, Science and Resources (2025) [New Green Aluminium Production Credit will support the transition to green metals | Department of Industry Science and Resources](#), Commonwealth of Australia. Accessed 8 May 2025.

The Department of Industry, Science and Resources provided information as at 12 May 2025 in relation to Green Aluminium Production Credit over the forward estimates period. The PBO has made assumptions regarding the medium term financial profile.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Green Aluminium Production Credit – do not proceed – Financial implications

Table A1: Green Aluminium Production Credit – do not proceed – Fiscal and underlying cash balances (\$m)^(a)

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | Total to 2028-29 | Total to 2035-36 |
|--|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|---------------------|
| Expenses | | | | | | | | | | | | | |
| Administered | | | | | | | | | | | | | |
| <i>Funding to shape and design policy</i> | 0.8 | 0.3 | - | - | - | - | - | - | - | - | - | 1.1 | 1.1 |
| <i>Green Aluminium Production Credit</i> | - | - | - | - | 114.0 | 114.0 | 114.0 | 114.0 | 171.0 | 171.0 | 171.0 | - | 969.0 |
| Total – administered | 0.8 | 0.3 | - | - | 114.0 | 114.0 | 114.0 | 114.0 | 171.0 | 171.0 | 171.0 | 1.1 | 970.1 |
| Departmental | | | | | | | | | | | | | |
| <i>Department of Industry, Science and Resources</i> | 1.6 | 1.1 | 2.3 | 2.1 | 1.8 | 1.2 | 2.5 | 0.7 | 1.3 | 0.7 | 0.7 | 7.1 | 16.0 |
| Total – departmental | 1.6 | 1.1 | 2.3 | 2.1 | 1.8 | 1.2 | 2.5 | 0.7 | 1.3 | 0.7 | 0.7 | 7.1 | 16.0 |
| Total – expenses | 2.4 | 1.4 | 2.3 | 2.1 | 115.8 | 115.2 | 116.5 | 114.7 | 172.3 | 171.7 | 171.7 | 8.2 | 986.1 |
| Total (excluding PDI) | 2.4 | 1.4 | 2.3 | 2.1 | 115.8 | 115.2 | 116.5 | 114.7 | 172.3 | 171.7 | 171.7 | 8.2 | 986.1 |

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A2: Green Aluminium Production Credit – do not proceed – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 | 2034-35 | 2035-36 | Total to 2028-29 | Total to 2035-36 |
|---------------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|---------------------|---------------------|
| <i>Fiscal balance</i> | <i>0.1</i> | <i>0.1</i> | <i>0.2</i> | <i>0.3</i> | <i>3.0</i> | <i>8.3</i> | <i>13.8</i> | <i>19.7</i> | <i>27.1</i> | <i>36.2</i> | <i>45.7</i> | <i>0.7</i> | <i>154.5</i> |
| <i>Underlying cash balance</i> | <i>..</i> | <i>0.1</i> | <i>0.2</i> | <i>0.3</i> | <i>2.3</i> | <i>7.0</i> | <i>12.5</i> | <i>18.2</i> | <i>25.2</i> | <i>33.9</i> | <i>43.3</i> | <i>0.6</i> | <i>143.0</i> |

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- .. Not zero but rounded to zero.

² [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)