



Critical minerals production tax credits – do not proceed	
Party:	The Coalition
Summary of proposal:  The proposal would reverse the Critical Minerals Production Tax Credit program, a component of the 2024-25 Budget measure, <i>Future made in Australia – Making Australia a Renewable Energy Superpower</i> , <sup>1</sup> which is expected to start on 1 July 2027.	

## Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around \$1.2 billion 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: Critical minerals production tax credits – do not proceed – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-	-	287.9	923.2	<b>1,211.1</b>
Underlying cash balance	-	-	287.9	923.2	<b>1,211.1</b>

(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.

- Indicates nil.

## Uncertainties

Several critical minerals were excluded from modelling due to unavailable production data. As a result, if production of any of the excluded minerals significantly changes, the cost saving from reversing the policy could be materially different.

## Key assumptions

The Parliamentary Budget Office (PBO) has assumed the reversal of all aspects of the Critical Minerals Production Tax Credit, including any associated implementation costs:

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<sup>1</sup> The 2024-25 Budget measure *Future Made in Australia – Making Australia a Renewable Energy Superpower* provided an estimated \$19.7 billion over 10 years from 2024-25 to accelerate investment in Future Made in Australia priority industries, including renewable hydrogen, green metals, low carbon liquid fuels, refining and processing of critical minerals and manufacturing of clean energy technologies including in solar and battery supply chains. [Budget paper 2, page 67](#).

- Departmental cost savings were estimated using the PBO's departmental costs calculator, indexed to Wage Cost Index 3 less an efficiency dividend.

## Methodology

A Treasury model was used as a reference to calculate the reversal of estimated payments to critical minerals processors each year.

Departmental costs (and in turn, savings) were estimated using the PBO's departmental cost calculator, using Treasury's model assumptions as a guide.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>2</sup>

## Data sources

The Treasury provided modelling as at 24 January 2025. This model uses critical minerals production and processing cost data from DISR, Wood Mackenzie and S&P Global Ratings.

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

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<sup>2</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Critical minerals production tax credits – do not proceed – Financial implications

**Table A1: Critical minerals production tax credits – do not proceed – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	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
<b>Revenue</b>													
<i>Reversal of Critical Minerals Production Tax Incentive</i>	-	-	280.0	920.0	960.0	1,080.0	1,170.0	1,230.0	1,300.0	1,380.0	1,550.0	1,200.0	9,870.0
<b>Total – revenue</b>	-	-	280.0	920.0	960.0	1,080.0	1,170.0	1,230.0	1,300.0	1,380.0	1,550.0	1,200.0	9,870.0
<b>Expenses</b>													
<i>Departmental cost savings</i>	-	-	5.3	3.2	3.2	3.3	3.3	3.4	3.4	3.4	3.5	8.5	32.0
<i>Implementation cost savings</i>	-	-	2.6	-	-	-	-	-	-	-	-	2.6	2.6
<b>Total – expenses</b>	-	-	7.9	3.2	3.2	3.3	3.3	3.4	3.4	3.4	3.5	11.1	34.6
<b>Total (excluding PDI)</b>	-	-	287.9	923.2	963.2	1,083.3	1,173.3	1,233.4	1,303.4	1,383.4	1,553.5	1,211.1	9,904.6

(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: Critical minerals production tax credits – do not proceed – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	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
<b><i>Fiscal balance</i></b>	-	-	6.0	33.0	77.0	126.0	182.0	245.0	313.0	388.0	473.0	<b>39.0</b>	<b>1,843.0</b>
<b><i>Underlying cash balance</i></b>	-	-	5.0	27.0	66.0	113.0	168.0	229.0	296.0	369.0	452.0	<b>32.0</b>	<b>1,725.0</b>

- (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 glossary<sup>3</sup>.
- (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.
- Indicates nil.

<sup>3</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)