



Cement Australia Pty Limited

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Holding Statement

10 July 2011

Carbon Tax implications to Cement Australia

Cement Australia has reviewed the details of today's Carbon Tax announcement and has determined it will be required to obtain \$63.9 million in permits in the first full year of the scheme's operation, with expected industry assistance of \$58.2 million reducing the cost to the company in 2013 to \$5.7 million.

Beyond 2013 the assistance to the cement industry will reduce, ultimately increasing the expected cost to Cement Australia from \$5.7 million to \$63.9 million.

Chris Leon, Cement Australia CEO and Managing Director highlighted a range of concerns regarding the Carbon Tax package and the expected impacts on the cement industry in Australia.

"Despite the initial assistance we receive as an emissions intensive, trade exposed industry, the Carbon Tax adds a significant additional impost on our business as we struggle to compete with imports under a high Australian dollar," he said.

Mr Leon also raised a number of concerns regarding the uncertainty in the price of carbon beyond 2015 when the Carbon Tax converts to an Emissions Trading Scheme (ETS).

"We are very concerned about the uncertainty in the price of carbon post-2015, which is exacerbated by our experience with the Renewable Energy Target (RET) where the assistance from the government unfortunately fell well short of what was promised," he said.



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Mr Leon noted the assistance being afforded to other emissions intensive, trade exposed industries in the package announced today.

“Additional assistance has been afforded a number of industries, including the Steel Industry. In our view, the Cement Industry’s position is similar to the Steel Industry and we believe we should be afforded the same benefits,” he said.

Mr Leon explained that the entire cement manufacturing process was not included in the activity definition for assistance that was announced today.

“We welcome the government’s offer to work with industry on issues regarding the Carbon Tax and we look forward to participating in those discussions,” he said.

“As we do so, we will continue to highlight our concerns regarding the activity definition in order to have the entire cement manufacturing process included in the assistance program.

“Ultimately, our desire is that our industry should continue to be internationally competitive to avoid sending jobs and economic benefit offshore without any benefit to the environment.”

ENDS

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