



Media Release

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Initial response to Federal Government's Carbon Pollution Reduction Scheme White Paper

Boral supports the move towards a lower CO_{2-e} global economy, and as such, the adoption of relevant interim policies by the Australian Government, including an emissions trading scheme.

For Boral, a critical issue has been to ensure that the cement industry is acknowledged as an emissions-intensive trade-exposed (EITE) industry, as domestic cement pricing is based on import parity prices. It is very important that the cement industry's competitiveness is preserved following a move by Australia to introduce an ETS for the industry ahead of Australia's key trading partners adopting similar carbon trading regimes.

Boral's CEO & Managing Director, Rod Pearse, said: "Whilst Boral is continuing to examine the details of the white paper, Boral's cement operation, Blue Circle Southern Cement, appears to be recognised as being an EITE industry. On this basis, it is pleasing to see that Boral's cement operations would initially receive 90% transitional assistance in the form of free permits for cement clinker production."

Boral will have approximately ten operating facilities meeting the CPRS threshold with a number of these operations meeting EITE thresholds. Accordingly, Boral will be required to buy permits on behalf of sites exceeding the CPRS threshold allowing for eventual compensation of Boral's EITE sites.

Rod Pearse commented that "an important area of concern in the White Paper is the stated conclusion of the safety price cap in 2015. Because of the short term nature of the price cap, companies in the cement or other industries are unlikely to have sufficient price certainty beyond 2015 to contemplate additions to capacity needed to meet growth in the Australian market; this will result in carbon leakage and loss of employment opportunities. Boral will take this issue up with the Government to seek amendments to the Scheme."

Whilst policy settings are important, for a company like Boral significant CO_{2-e} reductions by 2020 will largely depend on technology developments.

"Technology is more likely to advance through global cement sector cooperation and international goals if a common international goal is established to ensure that long-term global carbon emission levels are reached by the cement industry regionally and globally. Boral will continue to work on technology and efficiency gains and operational improvements to reduce emissions and in turn to reduce its cost of production," concluded Mr Pearse.

Boral will continue to examine the details of the white paper and the implications on Boral's businesses.

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