



**MEDIA RELEASE**

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## **IMPACT OF CARBON TAX ON BRICKWORKS**

Brickworks (ASX: BKW) is disappointed with the Australian Government's carbon tax proposal, warning it will negatively impact housing affordability by increasing building product prices in Australia.

As a leading Australian producer of building products Brickworks has met or exceeded all pollution controls placed on it by the various State pollution control authorities. Over the last decade, Brickworks has voluntarily reduced its carbon emissions by 40% through the closure of old, inefficient brick plants and investment in new plants such as Wollert West that is currently in the process of being commissioned.

Primarily, the proposed carbon tax will impact Brickworks' Austral Bricks™ division. The proposed \$23 per tonne carbon tax would have an impact of \$12.8 million on earnings before interest and tax (\$9.0 million after tax) in its first year of operation<sup>1</sup>, before any mitigation from further action to reduce emissions is undertaken by Brickworks.

It is Brickworks intention to increase prices to fully recover the cost of the tax with price rises of up to 6%.

Under the proposed carbon tax, products that are classified as trade exposed such as steel and cement, will be heavily compensated, leading to price benefits when compared to clay bricks that will not receive any compensation.

Following the introduction of the tax, Brickworks is concerned that there will more than likely be reduced house construction, the scale and duration of this reduction is unknown.

**Brickworks Limited** was listed on the Australian Securities Exchange in 1962 and has paid a dividend every year since then. It has three Groups - Building Products, Land and Development and Investments. The Building Products Group includes Australia's largest brick producer Austral Bricks™, Austral Masonry™, Bristile Roofing™ and Austral Precast™. The Land and Development operation maximises value from surplus land and redundant building products sites. Investments include a 42.85% holding in Washington H. Soul Pattinson.

BRICKWORKS LIMITED (ASX CODE: BKW) [www.brickworks.com.au](http://www.brickworks.com.au)

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<sup>1</sup> This modelling has allowed for a \$23 per tonne carbon tax on direct inputs and a general inflationary cost of 0.7% on indirect costs, as per Treasury modelling.