

31st December 2003
The Hon Des Browne MP
Minister of State for Work,
Department for Work and Pensions
Richmond House
79 Whitehall
London
SW1A 2NS

Dear Minister

Review of Employers' Liability Compulsory Insurance

The British Aggregates Association represents the interests of some 60 privately-owned and independent quarry companies throughout the UK operating out of over 100 individual sites with some 10% of national output. We also have 20 associate members who have interests in and offer services and equipment to our industry. Some of our members also have asphalt and ready-mix concrete facilities and/or operate landfill sites. We were formed in late 1999 and our membership has grown steadily, with a target of 100 in due course. BAA is an integral part of the consultation process with ODPM, DEFRA, DTI, DWP, Treasury and Customs and Excise. We are members of the CBI Minerals Committee and the Construction Products Association. We also have formed strong links in Europe.

BAA maintains the highest regard for the highest operating standards; and for environmental matters where we have a Restoration Guarantee Fund similar to the SAGA scheme which we launched in October 2002.

We welcome the opportunity to be part of the consultation process on the problems associated with Employers' Liability Compulsory Insurance where premiums have risen sharply and many smaller companies have experienced difficulties in maintaining or obtaining the necessary cover.

Having received a copy of your recent review and noting the various comments made by other bodies and in the national and industry press we would comment further as follows.

- We welcome your proposal to exempt 300 000 of the smallest limited companies from the provisions of compulsory insurance. However, we believe that this does not go far enough and would propose that you consider extension to all SMEs.
- Whilst noting your comments regarding linking HSE performance to the insurance we consider that this should be part of the normal risk assessment that insurance companies undertake when evaluating the necessary premium payment. To involve further governmental bureaucracy and red tape particularly for SMEs is both unwelcome and unnecessary.
- This is also contrary to the Chancellor's pre-budget statement where he has again promised to reduce the regulatory burden on companies.

- We also note with some concern suggestions that the Health service are considering charges to companies for employee's treatment for work place accidents. This is again a financial burden that industry should not be asked to bear – particularly in light of the current contributions made to NI and only recently increased by a further 1%.
- BAA would request that consideration be given to exempting companies from all or part of insurance tax payments on compulsory liability insurance. With the recent significant increases on premiums this has given the Treasury a windfall gain from companies at a time when industry has seen such large increases

Thank you for this opportunity to respond and we trust that our points will be considered. If you require any further information or clarification, please do not hesitate to contact me further.

Yours Sincerely

Peter Huxtable

MA(Cantab) CEng FIQ FIMMM

Secretary

cc The Hon Ruth Kelly MP, HM Treasury, Rosie Winterton MP, Department of Health, Nigel Griffiths, MP, DTI, David Lammy MP, Department for Constitutional Affairs