

ALSF EVENT LONDON WEDNESDAY 8th February 2006

Introduction

- Minister, Sir Martin, Simon, ladies and gentlemen.
- I am delighted to have been asked to speak to you today on behalf of the British Aggregates Association about the levy, the fund and our industry
- Paradoxically BAA is the association formed in 1999 to campaign against the introduction of the aggregates tax - and still continues to beat this drum – although I hasten to add - amongst many other things!
- Before I tell you more about us let me first introduce myself.....

My credentials

- I've worked at the sharp end of industry most of my working life.
- I'm passionately enthusiastic for the minerals industry which has very much to be very proud of.
- I've seen operations in many parts of the world – and wish we in both the industry and the general population could match that

positive spirit – seen in countries from China to India to Morocco and the States. In India I recall last year being interviewed like a movie star by a myriad of the press and TV – who quite un-media were praising the merits of our industry – and there was not a protester in sight!

- On pure environmental grounds – and in the true spirit of best environmental choice - we here in the UK should where ever practical and with pride never import anything not produced in this country – as we undoubtedly have the very best and highest standards ! All imports are generally tainted with poorer environmental, social and safety standards than home-grown products! 5, 000 Chinese workers died in mining accidents in the first 11 months of last year!
- I live very contently in the middle of the Peak District national park and for 20 years ran a mining and processing operation less than 2 miles from my home – and was never here or indeed elsewhere during my working life an absentee landlord - always preferring to live in the local community where I was working.

Certainly in the Peak District mining is very much part of the heritage - and indeed the living landscape.

- I would appear to possess many of the credentials to be a natural NIMBY – although I guess most tend to be incomers and not locals
- I'm definitely too old to be a swampy
- And arguably too young to be a green granddad (I certainly hope not as neither of my children are yet married!)
- In short.....I guess I am naturally if not essentially somewhat environmentally friendly!

Let me tell you a bit more about the BAA

- We are currently approaching a (still growing) total of 80 members throughout the UK, we account for some 10% of UK aggregate output, some members are also members of the QPA.
- That breaks down into some 55 independent, SME, family-owned businesses, and approaching 25 associates – who are suppliers of equipment or services, or consultants to the industry.

- We are a small team – all ex-front line minerals industry stalwarts rather like me!
- We have developed extensive contacts within the UK with the Government, the Civil Service - and in Europe and very much involved with matters Environmental , Health & Safety, Transport, Competition – and into lobbying, persuading and responding to consultation
- We have representation on all ten Regional Aggregate Working Parties (RAWPS) in England and Wales; on the Quarries Joint National Advisory Committee (QNJAC) and the Industry training body EPIC.
- We are every active Members of the CBI Minerals Group, Construction Products Association (CPA), and the Mineral Industry Research Organisation (MIRO)
- We have a Restoration Guarantee Fund (modeled on the successful SAGA scheme)
- We maintain links – by working closely with other industry bodies – and with all stakeholder groups and favour open dialogue even when

we don't agree! This includes of course English Nature, English Heritage, RSPB, CPRE, Friends of the Earth (FOE)

What are the issues for us?

- We are very SME and home-grown UK plc focussed. For some members on mineral planning permissions at the extreme the luxury of a “win some, lose some” situation that large companies can enjoy is simply not available - as a single refusal for an extension or a new working could result in total company closure.
- We strongly support the proximity principle with small local quarries close to customers – and minimal haul distances.
- The current government initiatives on *Easing the Burden* whilst welcomed is potentially flawed as the problem is not always the legislation and regulation itself that is the problem. It is the
 - interpretation and subsequent implementation by the regulator;
and often combined with

- a lack of appropriate enforcement by authorities as they prefer the easy targets! This then can lead to undesired additional legislation to “catch the bad guys”!!!

There are specific topics of concern currently which take up an increasing burden on operator costs and time and I will briefly mention two examples:

- Archaeological pre-determinations – we started a dialogue with English heritage and ALGO some two years ago
- Newts, and bats and badgers – we have recently opened a dialogue with EN and DEFRA – first mini seminar yesterday.
- We are concerned over Sterilisation and Safeguarding issues and do not believe we can have broad No-Go areas such as National Parks and AONBs, nor do we support the so-called “Four Point Plan” – our record of enhancing the environment and local society stands us in good stead we believe here. God for right or wrong put minerals in the nicest places and we can only extract where they are! And to put it in to even more perspective.... much less than 0.5% UK land-mass has mineral extraction taking place.

And on costs.....

- We are still saddled with ever increased charges and new forms of taxation – we have seen well-above average increase in planning fees, a new regime of monitoring fees and endless associated bureaucracy – and even suggestions that the proposed Planning Gain Tax on infrastructure for housing development might include us!! Surely not what Kate Barker intended!

Finally let's turn to the Aggregates Tax?

Yes, we opposed the tax

Predicted all its problems

– and still lobby for its repeal.

And what about the Sustainability Fund?

We've taken a proactive view

- Before introduction of the levy in April 2002 we engaged in the consultation process to register our views on how we thought the fund should operate

Whilst the result was not particularly as we would have liked... we have

- Continued to re-input to DEFRA, HMCR and others who ask or are willing to listen

- Contributed to the review panels
- Engaged with the current review with Richard Johnson of London Economics – yes the guys who arguably got it wrong the first time around! We also engaged with Alan Thompson’s review of research aspects.

We look to

- Maximise opportunities for members and their local communities to use and participate in the fund distribution – and for this effort to be recognised by the general public.
- Be involved in evaluation of projects – and the granting of awards.
- Participate in project ideas, steering groups, disseminations

And the outcomes in our view

Downsides

As we would anticipate in any exercise with state cash.....Rather too many over-priced proposals with too much money potentially going into the “wrong pockets” Particularly...

- Consultancies.

- Academics
- Website managers a very good website can be set up for under £1K!
- Quangos

Upsides

- Good local projects where local communities have seen positive outcomes – and given good PR to the industry.
- I can quote two personal examples, both in areas with arguably some level of local controversy.
- Firstly in the village next to my home (Stoney Middleton) – with two large aggregate quarries in the village main street - had money allocated by Derbyshire CC for the church. The vicar told me last year just how many villagers has favourably commented to him on getting something positive and identifiable back from having quarries on their back-door step for so many years.
- This year we have had personal praise from the President of a local village cricket club – who is also Chair of his local Parish Council – for

the Gloucestershire contribution towards completion of his cricket pavilion. He specifically noted that the managing and distribution of fund monies had been much better than from other sources – notably Sport England!

So it's I believe

- Good for locals! Good for Industry! Good for Planners – as less hassle the next round of planning applications! And therefore a Win-Win for politicians and society!

And additionally we mustn't forget

- Collaborative projects which have enabled groups of different stakeholders to work closely together – NGOs, Green groups, industry. Planners – even the dreaded EA!
- AndMIRO has emerged as a very valuable, professional and effective research manager as well as their more traditional role.

Have we had our money's worth?

- The levy will have been in force for 4 years by the end of March 2006. We should have received in England £29.3m a year ie a total of some

£117million. Whilst projects were slow to get off the ground in the first year and Treasury certainly slammed the tills shut very quickly at the end of the year – we are somewhat disappointed that less than £90 million was allocated to the various distribution bodies in this time – and that we understand less than £75 million of this is actually fully accounted for.

- We trust that the full accounts for the fund and these apparent discrepancies will be explained fully in due course
- We hope the monies are sufficiently ring-fenced not to get lost with other departmental commitments
- Nor would we like to see the demise of other government expenditure and investment in our industry or thoughts that ALSF replaces it– we are concerned at the reduced level of ODPM research, investment in the national treasure British Geological Survey (BGS), even the threat to cut-out the industry database AMRI returns to the Office of National Statistics (ONS)

- We do not believe it should be used for other government expenditure – like maintaining current sections and departments within DTI, DEFRA or ODPM. Eg DEFRA's marine section!

Where next?

- As long as we have the aggregates tax – the fund should continue at this level
- Perhaps it is the only positive thing to come out of the tax
- Certainly if we can't lose the tax – 16p/tonne to fund this would be a more reasonable tax on the industry – and somewhat nearer the unfair advantage given to N Ireland with only a 32p/t tax!
- We would like to see most of the funding going back to the quarrying communities and into collaborative projects between stakeholder groups – the “WIN-WINS” for Society I have previously mentioned..
- From the successful three counties (Derbyshire, Leicestershire and Somerset) pilot we were delighted that it was extended to 18 authorities last year – and now covers around 70% of aggregate extraction areas. (106.3/147.3M). We are concerned and alarmed that London

Economics first draft was suggesting this objective 4 should be discontinued!!

- Whilst mindful of not creating over-bureaucracy to the system we believe that this tonic that reaches the parts others don't (like the Carlsberg adverts) could be extended without having to bring all the 100-odd authorities in England!
- An additional 5 authorities would bring this total to 80%. And a further 5 close to 90%. – And that would be still under 30 out of the 100!

Thank you for your attention – and I hope that you have found this interesting, informative – and hopefully thought-provoking!