

27th February 2006

**Planning-gain Supplement Consultation
Room 2-32
HM Treasury
1 Horse Guards Parade
LONDON
SW1A 2HQ**

Planning-gain Supplement

We welcome the opportunity to comment on your proposals for a Planning-gain Supplement (PGS). We particularly appreciated being able to meet with industry colleagues through the CBI with Mark Fine on 30th January, and again with both Mark and Tom Duggan on 14th February to explain in some detail the minerals sector and the serious problems such a proposed tax would present both the industry and indeed the supply of raw materials to the housing market.

The British Aggregates Association (BAA) represents the interests of some 70 members of which 50 are independent and privately-owned SME quarry companies throughout the UK with some 10% of national output and who operate from over 100 sites. We are part of the consultation and lobbying process both in the UK and Europe – and are also represented through the CBI (Confederation of British Industry) and CPA (Construction Products Association).

In addition to the various points made at the meetings with your officials we would summarise our comments as follows:

1. We support the government's aims of providing increased and affordable housing and for infrastructure build.
2. We support the CBI view that PGS would not achieve Government objectives to increase the supply of affordable housing and would actually have wider adverse implications; and would not be workable.
3. We note that the Barker Review recommendations and the research for this refer specifically and only to residential property development.

4. It will have we believe a possibly unintended but potentially devastating impact on the supply of raw materials from the minerals sector to housing and infrastructure.
 - Planning applications for mineral extraction are long-term projects and can take 10-15 years from concept to completion unlike the quick *in-and-out* of housing and commercial development.
 - In our industry the land value is a wasting-asset. Once the minerals are extracted, again generally over a long time-frame, the value has actually decreased - unlike the short time and high enhanced values for property and other commercial development.
 - Another major difference of mineral development against other developments is that our industry is rural and not urban development.

For these reasons we are already seeing enormous uncertainty in the market and a reluctance to proceed to future developments with the potential of PGS being introduced in 2008, and indeed changes or a reversal if there was a change in government based on previous experiences and as there appears no cross-party support for this re-branded development tax .

This is having the potentially unintended consequence of reducing the supply of raw materials to provide the housing and infrastructure developments.

If either you or members of your department require any further information or would like to discuss in more detail please do not hesitate to contact me.

We look forward to your response.

Yours Sincerely

Peter Huxtable
Secretary
British Aggregates Association