British Aggregates Association

10 Brookfields
Calver, Hope Valley
Derbyshire S32 3XB

Tel/Fax: 01433 639 879
Mobile: 07711 492 378

phuxtable@british-aggregates.com
www.british-aggregates.co.uk

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Keith Bache
Department for Environment, Food and Rural Affairs
Area 2A, Ergon House
London
SW1P 3JR

Dear Keith

Consultation on the future priorities for and delivery of the Aggregates Levy Sustainability Fund (ALSF) – April 2008 to March 2011

Thank you for inviting us to comment on this consultation.

The British Aggregates Association (BAA) represents the interests of some 80 members. 55 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 Minerals group of the CBI (Confederation of British Industry), and CPA (Construction Products Association).

Whilst BAA remain firmly opposed to the aggregates levy, which has created considerable environmental disadvantages, we welcomed when it was introduced in 2002 the return of 10% of its revenues through the ALSF. Most particularly we note the success with the funding that went directly to local communities close to quarry operations, and some useful research and PR work through projects managed through the Mineral Industry Research Organisation. (MIRO). Much of this work has been amply demonstrated through the dissemination project launched recently at the event at Wellington Arch on 12th March.

We are pleased that government has decided to continue with the ALSF and would trust that this will remain as long as the levy remains as a fiscal measure – and even if and when the levy is removed that something similar to ALSF would remain in place.

In general we would make the following comments:

- We have been concerned that the allocated sums have not been met in the last 5 years as they have not been ring-fenced. Not only has the industry and the community been deprived of the sums intended by government, this money appears to have been used to cover deficits elsewhere within DEFRA and its various sponsored quangos. We append a table reflecting this situation.

DEFENDING BRITAIN'S BAA QUARRIES

- For this reason we believe that all the allocations in the future **must be ring-fenced** to each area of expenditure, and that this is extended to the individual distribution bodies including local authorities.

- We are disappointed that the allocation of around £29 million a year for England set in 2002 has not increased in line with the 22% increase in aggregates tax from 1st April 2008 and the further intended 5% in 2009.

- We note an "unallocated" £3million a year which should be clearly earmarked to ensure it gets utilised by the ALSF - and propose that this is used directly to increase the allocation to local authorities – both directly and through ACRE.

Our responses to your specific questions are attached.

If you require any further information or clarification please do not hesitate to contact me further.

Yours Sincerely

Peter Huxtable, Secretary
MA(Cantab), CEng, FIMMM, FIQ

Appendix – Table showing shortfall from treasury allocation to DEFRA payments without "ring-fencing"

(£M)	Allocated by Treasury	Actual "Spend" by DEFRA
02/03	29.3	17.9
03/04	29.3	19.2
04/05	20.3	19.5
05/06	29.3	23.3 *
06/07	29.3	20.5 **
07/08	29.3	23.8 *** probably 20.3

* DEFRA estimate March 2006. ** DEFRA unilaterally withheld final 30% of allocation *(internal budget problems)*
*** DEFRA indication April 2007 but 3.5M was unallocated in August 2007

Answers to specific questions

Question 1: Do you agree with these aims and the overarching themes for the programme?
Yes. In general terms the scope is broadly correct. We think in line with others in the industry both large and small that the use of the MIRO matrix would be a better way of judging the overall allocations.
Your proposals in £M/year presented in this manner as follows:

<table>
<tr><th></th><th>Planning</th><th>Communities</th><th>Ecosystems & Heritage</th><th>Operational Energy Efficiency</th><th>Operational Resource Efficiency</th><th>Transport</th></tr>
<tr><td>Marine</td><td></td><td rowspan="3">£3.5</td><td>£4.5</td><td>£0</td><td>£0</td><td rowspan="3">£1.25</td></tr>
<tr><td>Quarries</td><td>£1</td><td>£4.8</td><td>£2</td><td>£0.7</td></tr>
<tr><td>Recycled</td><td></td><td>£0</td><td colspan="2">£3.25</td></tr>
</table>

Question 2: Do you agree with the proposals for the quarries theme?
Agree with the principle of money to tackle the carbon/environmental footprint of the industry. Most of this impact is generated by transport from producer to customer, the actual use of energy for aggregate extraction and processing is relatively small. (The consultation document is misleading in that the stated carbon footprint includes added-value products which are outside the scope of the ALSF.) The "Carbon Trust" has a brief which specifically excludes transport elements, so it should only receive a smaller share of the proposed funding - and the remainder should be distributed to other suitable delivery organisations which could include MIRO and CLG. The quango more appropriate to the needs of the aggregate industry footprint would be the "Energy Trust".

We also believe that this area needs a broader initiative that encourages much greater innovation. Industry co-funding and the use of equipment manufacturers in this area would be useful.

Question 3: Specifically on the carbon reduction proposals, do you have any views about how The Carbon Trust should select the companies with which it works?
There should be equal opportunities for both large and small companies. SMEs would benefit largely from schemes such as those run by DofE and DTI in the past – with practical individuals with specific long-term first-hand experience of site auditing to be used to assist in energy savings. The most recent exercise was by ETSU, Harwell in 2002, Good Practice Guide 315 with support from both BAA and QPA.

Question 4: Do you agree with the proposals for the marine theme?
No particular comment, but we do not particularly support an increase in expenditure on marine extraction against land-based, particularly at the levels proposed.

Question 5: Do you agree with the proposals for the resource use theme?
We see no reason to increase the allocation to WRAP particularly as we would see the dangers of repetition of already completed work. It would be more appropriate to significantly reduce or at worst just stay at last year's level.

With regard to the capital programme, we believe that there should be a greater and wider incentive to encourage much broader capital investment *tax breaks* for the industry in an innovative and entrepreneurial manner; and not to restrict this just to the secondary materials that is WRAP's remit – even with the recent extension to include quarry primary scalpings and fines.

As with the carbon-footprint proposals this also needs to generate greater innovation – with both the use of industry co-funding in projects and with the involvement of equipment manufacturers.

Question 6: Do you agree with the proposals for the transport theme?

The work of SAFED has been most useful and our members have found the scheme practical and beneficial. Whilst outside the specific remit of funding in England it is most regrettable that the scheme will no longer be available to our members in Scotland – and we are not sure about those in Wales. This is a most perverse result of the impact of devolution in the last decade. Strange when funding is through DfT that it doesn't insist on a national coverage.

We have not yet seen any benefit from any other DfT work using ALSF funds so do not particularly support expenditure in this area.

Question 7: Do you agree with the proposals for the communities theme?

We believe that this area should receive a considerably higher level of expenditure as it has raised the profile and improved the image of the industry with much positive feedback from local communities. Doubling the allocation would be more than satisfactory. The use of ACRE to distribute funding to a wider community base has been a success and is welcomed.

Additional questions:

Question 8: Do you agree with the way the funding has been split? If not how would you split the funding and why?

We have already indicated that we would have preferred considerable more for communities, and for MIRO and the excellent aggregates projects that have come through CLG; and for the research and mapping tools that English Heritage have developed collaboratively with industry for archaeology. We would look for less for marine extraction

Question 9: Are there specific issues that should receive attention or more emphasis?

The total authorised funds each year should be fully and transparently allocated – and then ring-fenced to ensure the allocations are not diverted into other areas. This must also include the Communities funding to local authorities.

Question 10: Are the organisations we have selected to deliver the funding the right ones?

Broadly yes as they have delivered adequately in the past. We have some concerns whether there is too much exclusive use of DEFRA-funded agencies (WRAP, Carbon Trust, Marine) where other bodies could equally provide good service. We have already noted the limitations of Carbon Trust as currently structured to adequately address the transport element of aggregates which is the bulk of its carbon footprint. MIRO in particular which has done a splendid job for the ALSF seems to have had its allocations severely restricted for unknown reasons.

Question 11: Are there alternative ways to meet the objectives of the Fund more efficiently?

No comments.