

BRITISH AGGREGATES ASSOCIATION

Press Release - Immediate
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Man in Green Mask Raids Quarry Industry

Gordon Brown's latest, and hopefully last, budget on Wednesday ignored mounting evidence, that the Aggregates Levy is damaging the environment, to impose a massive 22% increase. This takes the levy from £1.60 to £1.95 per tonne. It also brought a 26% increase in the duty on red diesel and a 16% hike on small business tax. The Treasury forecasts that the overall cost to industry in 2008/2009 will be an extra £1.9billion.

Richard Bird, Executive Officer, British Aggregates Association;

"Once again the Chancellor chooses to ignore the fact that the construction industry will always require primary aggregates to meet high specification infrastructure requirements. If you want anti-skid roads, long life bridges, high structures and quality rail ballast, then you are not talking recycled."

The levy has caused a number of problems for the quarry industry, largely due to other competing products being exempt and growing imports. The by-products of the slate, china clay and steel industries are exempt and they compete head on with quarry by-products in the fill markets. Although imported aggregates have to pay the levy, their by-products are sold levy free in other EU countries. There are also inconsistencies with virgin slate and shale aggregates being exempt.

The Chancellor also announced further cuts in infrastructure spend on roads, schools and hospitals. It is likely that the consequent drop in aggregate sales will be used as further proof that the levy is working. As the public sector accounts for nearly 60% of aggregates sales, the increase will impact on highway agencies, council taxes and projects such as the London Olympics.

Richard Bird,

"We were told that the levy would be revenue neutral, it wasn't. We were told that the levy would increase recycling, it hasn't. We were told that the levy would be reviewed to check that it met the Government's own criteria for environmental taxes and this has not been done either. Not only have we had to cope with the massive financial burden of this levy but we have also been subjected to a continuous litany of disingenuous, misleading and false information from our own government."

Notes for editors:

1. The British Aggregates Association legal challenge against the legality of the levy is currently at the highest level in the European Court of Justice with a final decision expected in 2008.
2. The UK has a recycling rate four times greater than the EU average
<http://www.british-aggregates.co.uk/documentation/doc32.pdf>
3. The Construction Products Association comments
<http://www.forextelevision.com/FT/AFX/ShowStory.jsp?seq=208987>
4. "But environmental taxation must meet the tests of good taxation." A blatant example of spin from the Treasury's own website
http://www.hm-treasury.gov.uk/topics/environment/topics_environment_policy.cfm
5. The National Insurance Contribution rate, which was supposedly reduced to make the Climate Change Levy and the Aggregates Levy "revenue neutral" has increased from 11.7% in 2002 to 12.8% which equates to a 10% increase in real terms.

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