

Press Release 12 Dec 2002

Government Action on Waste Flawed

The Government's launch yesterday of a consultation on proposals to relieve waste aggregates from the aggregates levy is "fundamentally flawed" according to Robert Durward of the British Aggregates Association (BAA). The announcement comes more than a year since the Government first accepted there was a problem.

The consultation document contains proposals to review the tax treatment of waste aggregates, but tries to make a rigid distinction between "waste" aggregates and "secondary" aggregates. Although waste material has always been a problem the main issue is that secondary aggregates are now being denied much of their market. Secondary materials from competing sectors that do not pay aggregates levy, such as china clay and slate, are increasingly being used as aggregate and in manufactured blocks. The proposals do not address this issue. A recent survey of BAA members found that the destruction of the market for secondary aggregates was causing large, ugly new waste heaps to build up, potentially amounting to 15-20 million tonnes across the UK. The resulting problems are particularly acute for smaller quarry operators.

BAA Director Robert Durward commented,

"It is over a year since the Government gave a welcome commitment to look into this problem but their long awaited initiative has little chance of success. This belated consultation does not close until March 2003, so it is virtually impossible that there can be any changes in next year's Budget, which will mean the industry struggling to cope with this growing problem for at least another year. Restricting the consultation to the lesser problem also suggests that the Government have probably already decided not to offer any meaningful concession.

"The Government's approach is fundamentally flawed. When producing certain materials a quarry will unavoidably produce other materials of a less saleable nature, although they may all be geologically the same. If the quarry cannot sell these secondary materials - and the aggregates levy has made this impossible in many cases - they become waste, this is the root of the problem."

"The BAA has said all along that the Government should appoint independent geological consultants, who will be able to explain why the Government's continued attempt to distinguish between "waste" aggregate and "secondary" aggregate is mistaken. The impact of the aggregates levy on local markets for secondary materials is the real problem. The Government imposed flawed legislation because they did not listen to industry experts or get specialist advice. Their current proposals simply repeat this mistake."

For further information, please contact: BAA Secretary Peter Huxtable 01433 639 879 or mobile 07711 492 378

Notes for Editors:

- The British Aggregates Association is the representative trade body for independent quarry companies. There are currently some 60 member companies throughout the UK mainland and Northern Ireland, operating over 100 sites. Further information about the BAA can be obtained from: The British Aggregates Association, PO Box 99, LANARK ML11 8WA. Telephone: 01555 663 444. Email: baa@cloburn.co.uk. Website: www.british-aggregates.com
- The Government first made a commitment to look into the problem of unsold "waste" aggregates in the 2001 Pre Budget Report. Customs and Excise launched a consultation on proposals to tackle the issue on 9 December 2002, with a deadline of 10 March 2003 for responses. The consultation document can be found on Customs and Excise website
- The aggregates levy came into effect on 1 April this year, and is set at a level of £1.60 per tonne.
- The Northern Ireland quarry industry has been decimated by illicit imports from Southern Ireland which has no aggregates tax and only 12.5% corporation tax
- The BAA legal challenge against the Aggregates Levy is ongoing at the Court of First Instance in Luxembourg
- Few other EU countries have an aggregates levy with the exception of Denmark 35p per tonne and France 4p per tonne
- Many small independent quarry companies are reporting cash flow difficulties caused by problems collecting this levy
- The British Pre-cast Concrete Federation reports that imports of tax free concrete products are beginning to rise www.britishprecast.org

For details of the BAA's survey on secondary aggregates, please contact BAA Secretary Peter Huxtable: Telephone 01433-639-879, Mobile 07711492 378