

COMMENT Construction News. 16th March 2006

Here's hoping they scrap the aggies tax

THE JUSTIFICATION for slapping an aggregates tax on construction looked dubious from the very outset. Now it seems the European Courts are set to come to the aid of the industry.

All the early signs from a case brought by the British Aggregates Association against the Government suggest justice will be done. The Government has long claimed the aggregates tax is nothing more than an environmental levy designed to encourage recycling. The fact is the £1.60-a-tonne charge looks light on green credentials but rather more substantial in revenue terms for the Treasury, raising some £360 million each year. If most of this cash were redirected back to the industry to help mitigate the effects of quarrying or used to subsidise restoration, it would be a different matter. In fact just £30 million has been allocated to help quarrying communities - and most of that has not been spent.

Even the Government's central argument that it encourages the use of recycled aggregates lacks any real substance. Where reliable performance is required for structural applications there is always going to be a need for virgin aggregates, whatever subsidy is given to encourage the use of recycled materials. The only thing the tax is promoting is an evergrowing waste mountain of by-product, which is too expensive to sell. If the levy is justified, then reason is dead. It is still a little early to call the outcome from the European Court of First Instance case, but all quarry owners would do well to get down to work on their claims for a whopping tax rebate.