

Agg levy frozen as Treasury continues greenwash

Issue date: April 24th, 2009

Primary aggregates producers have been saved from a further index-linked rise in the aggregates levy next year after the Chancellor, Alistair Darling, announced in the Budget that the controversial tax is to be frozen at the current £2.00 a tonne rate for the 2010-11 financial year.

The decision has been generally welcomed, even though most quarry firms feel it does not go far enough. The Mineral Products Association (MPA) has been calling for a freezing of the levy at the pre-April figure of £1.95 a tonne. It would like to have seen a freeze this year.

Economics director for the MPA Jerry McLaughlin told *MQR*: "Markets are still declining, margins squeezed, cash flows tight, bad debts increasing, and customers going bust. We know that and Government knows that.

"The 2010-11 levy freeze provides some relief, which will no doubt be welcome – but an immediate freeze would have been much more welcome."

The British Aggregates Association (BAA) told *MQR* the Budget would have been a key moment to remove the levy altogether. At present the government is simply moving money around, says the trade association secretary Peter Huxtable.

"There is very little private building happening at the moment. It is all on the public purse. The Government is paying the levy and then moving it to another pocket. This was a Budget for no-one as far as I can see, and a lost opportunity for the levy," he told *MQR*.

Another frustration in the Budget for quarry firms will be the Treasury continuing to insist that the levy is a tax with environmental benefits.

Using old figures the Report states: "The levy has been a significant factor in reducing sales of virgin aggregates in England by around 18million tonnes between 2001 and 2005."

However, the latest Revenue and Customs (HMRC) figures released in March, and covering the period to January 2009, show that between the financial years 2004-05 and 2007-08 the quantity of levy-burdened virgin material moving over weighbridges grew from 264million tonnes to almost 274million tonnes.

Huxtable said the Treasury continuing to use the figures "completely beggars belief".

McLaughlin, from the MPA, said: "We all know there are fundamental issues and concerns relating to the future of the levy...A key question to ask is why has Government produced no evidence to support an environmental case for the levy?"

Meanwhile, the Treasury estimate for receipts from the levy for the 2009-10 period remains at the November Pre-Budget Report revised-down figure of £300million. This is a reduction of £100million on the previous Budget.