

British Aggregates Association

PRESS RELEASE - Immediate

Time To Scrap The Aggregates Levy

The British Aggregates Association (BAA) has written to the Chancellor George Osborne asking that the Aggregates Levy be repealed in his 22 June emergency budget. Widely regarded as a Stealth Tax, the Levy has attracted a great deal of criticism since it was introduced in 2002 and has failed to produce any of the benefits claimed.

BAA Director, Robert Durward;

"Not only was this levy based on research which was set up to produce the answer that Ed Balls wanted, it was never capable of achieving environmental gain. There were no rebates for environmental improvements and much more polluting extractive industries such as coal, slate and china clay were exempt altogether."

As a result of the recession on private sector construction the percentage of aggregates going to the public sector is now around 70% of the total. In addition the December 2008 judgement ruling by the European Court of Justice almost certainly means that the Levy will have to be scrapped as it constitutes illegal State Aid.

Robert Durward:

"Now that its environmental credentials have been exposed as a sham and the taxpayer is paying the bulk of it anyway, it is time to call time on this ridiculous Levy. Company analysts Plimsoll report that more than one third of all quarry companies are now "at significant risk" and with the construction industry still on its knees - why prolong the agony?"

Ends

Notes for editors;

1. Letter to Rt Hon George Osborne, 1st June 2010, http://www.british-aggregates.co.uk/news/doc119_1.pdf
2. "Aggregates Levy - Final Nail in the Coffin" BAA Press Release, 8 January 2010 <http://www.british-aggregates.co.uk/news/doc116.pdf>
3. "The Effects of the Landfill Tax and Aggregates Levy by an analysis of Aggregates markets since 1990" .BDS Marketing Research, December 2009. <http://www.british-aggregates.co.uk/documentation/doc118.pdf>
4. The AGL was introduced in April 2002 at £1.60 per tonne and increased to £1.95 per tonne from April 2008 and to £2 per tonne from April 2009.
5. The AGL raises around £600million each year for the Treasury. <https://www.uktradeinfo.com/index.cfm?task=bullaggr&hasFlashPlayer=true>

6. No other EU country taxes aggregates in this manner. A recent European Environment Agency (EEA) report of June 2008 on the effectiveness of environmental taxation on aggregates has noted in conclusion 5 that "there was not any clear evidence in Italy or the United Kingdom to show that the objective of reducing environmental externalities had been achieved."

http://www.eea.europa.eu/publications/eea_report_2008_2

7. The text of the ECJ Judgment <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=EN&Submit=Rechercher&docrequire=alldocs&numaff=C-487/06%20P&datefs=&datefe=&nomusuel=&domaine=&mots=&resmax=100> (click onto top link "Judgment" on BAA case file)

8. The text of AG Mengozzi's opinion is <http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en&Submit=Rechercher&alldocs=alldocs&docj=docj&docop=docop&docor=docor&docjo=docjo&numaff=C-487/06&datefs=&datefe=&nomusuel=&domaine=&mots=&resmax=100> (click onto "Opinion" link on BAA case file)

9. Aggregates Levy Judgment Could Cost Treasury £600million 6th January 2009 <http://www.british-aggregates.co.uk/news/doc103.pdf>

10. Aggregates Levy Update 24th July 2009 <http://www.british-aggregates.co.uk/news/doc111.pdf>

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