

BRITISH AGGREGATES ASSOCIATION

Press Release – 11th March 2008 - Immediate

Country braced for 22% Increase on Quarry Stealth Tax

Alistair Darling is expected to continue the tradition set by his predecessor of using the quarry industry to collect a stealth tax. Ignoring clear evidence that the Aggregates Levy is not only failing to deliver its stated objectives but that it is actually causing considerable environmental damage, industry believe he will confirm a massive 22% increase announced a year ago by Gordon Brown taking the levy from £1.60 to £1.95 – plus vat – per tonne.

This adds further pressure on a basic industry in increasingly difficult economic times, and fuels additional unwanted inflation for the country. Quarries supply the raw materials for national infrastructure needs like houses, hospitals, schools and roads and this extra cost will fall squarely and quickly on all taxpayers.

Richard Bird, Executive Officer, British Aggregates Association;

“The UK construction industry will always require virgin aggregates to supply high specification projects. If we want anti-skid roads, long life bridges, high structures and quality rail ballast, then we are not talking recycled. The levy is not working because it is not designed to deliver environmental benefit; it is designed to collect cash”

The levy has caused a number of problems for the quarry industry, largely due to competing products being exempt, and imports. The by-products of the slate, china clay and steel industries are exempt even although their environmental footprint is much greater than that of quarries. This has robbed much of the industry of its natural route to market for its own by-products. The UK imports increasing amounts of aggregate and building stone from Ireland, Norway, Spain, Portugal, India and even China. All of these countries have poorer safety and environmental records and none of them have an aggregates levy in excess of 15p per tonne.

Richard Bird,

“We were told that the levy would be revenue neutral, it wasn't. We were told that the levy would cut the use of virgin aggregate and increase recycling, it hasn't. We were also told that the levy would be reviewed in line with the Government's own rules on environmental taxation and this has not been done either. Not only have we had to cope with the financial burden and market distortions caused by the levy but we have also had to suffer a continuous litany of false information from our own government.”

Robert Durward, Director

“We hope that the Chancellor might still do a u-turn and see advantage to the country in not introducing this inflation-creating measure tomorrow”

Ends.

Notes for editors:

1. The UK had a recycling rate four times greater than the EU average before the levy was introduced. <http://www.british-aggregates.co.uk/documentation/doc32.pdf>

2. The National Insurance Contribution rate, reduced by a half percent to make the Climate Change Levy and the Aggregates Levy “revenue neutral” was subsequently increased by more than double this amount.
3. Sales of virgin aggregates have increased by 8 million tonnes a year since the levy was introduced; – and Treasury extracted payment from an additional 20 million tonnes in 2007 compared with 2003!
<http://www.uktradeinfo.com/index.cfm?task=bullaggr>
4. Levy exempt products are now being hauled longer distances and displacing locally sourced materials. This does not meet government climate change criteria and has greatly hampered the quarry industry’s ability to deal with its own by-products and there are now growing stocks of secondary aggregates appearing in quarries across the country
5. The British Aggregates Association legal challenge against the levy is currently at the European Court of Justice with a final decision expected later this year.

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