



## **The Case for the Full Implementation of the Aggregates Levy in Northern Ireland**

Quarry industry lobbyists have argued that the introduction of the aggregates levy [1] in Northern Ireland will give operators in the Republic an unfair advantage and that jobs will migrate over the border.

These are real fears facing any state that has a land border with another, and which wishes to introduce taxation for social, environmental or economic reasons. One response, that of the quarrying industry, is to resist all change and to therefore forego the benefits which taxation of this kind can bring. Another response is to recognise that the industry is, unsurprisingly, primarily concerned about its short term profits and not about wider issues of public policy and public good. Such a response requires a demonstration of the benefits of the aggregates levy and proposals for overcoming the concerns of the industry and those who work in it. This briefing from Friends of the Earth fulfils that role.

### **Future trends**

Beyond all the detail of the costs and benefits of the aggregates levy lies a fundamental point. A successful regional economy in the early 21<sup>st</sup> century will have recognised an important trend. Energy, material inputs and waste are subject to environmental limits which are becoming increasingly reflected in prices and regulation driven by EU directives and international agreements. It will become essential to complement economic productivity with *environmental productivity* - more product for less environmental impact. Tax and regulatory regimes will ensure that those who do not perform environmentally will not perform economically.

Successful companies will be those which anticipate these international trends. Successful regions will be those which implement economic and industrial policies which enable business to stay ahead of the game.

**Friends of the Earth therefore recommends that the aggregates levy is introduced on an island-wide basis and calls upon the Northern Ireland Executive and the British and Irish Governments to utilise the north-south and east-west institutions to secure an agreement on a harmonised aggregates levy. In the meantime there must be no delay in the implementation of the levy in Northern Ireland.**

## The case for the levy

The case for implementing the aggregates levy in Northern Ireland rests on 9 interconnected points. The aggregates levy will:-

- < **Make the polluter pay** - an aggregates levy would play a key role in ensuring environmental costs, including those associated with the longer term and more irreversible costs, such as the loss of habitats and landscape, are internalised by the quarry industry more fully.
- < **Increase efficiency** - an aggregates levy would provide an incentive to increase the recycling of aggregate materials, the re-use of components and materials and the utilization of secondary aggregates where appropriate. All of these incentives will contribute to reducing the demand for primary aggregates and developing a sustainable aggregates supply industry in Northern Ireland.
- < **Integrate with policy** - an aggregates levy would compliment the Landfill Tax and integrates with current Government policy and international trends. Both, for example, would encourage the recycling of building materials, the landfill tax through increasing supply by discouraging disposal, and an aggregates tax through increasing demand by discouraging the supply of primary aggregates.
- < **Shift the tax burden off job creation** - an aggregates levy would contribute to sustainable development by raising revenue that will be used to cut employers' National Insurance Contributions and shift the tax burden onto environmental damage and inefficiency.
- < **Create sustainable jobs** - an aggregates levy would assist in the creation of up to 6000 new jobs in Northern Ireland in areas such as organic farming, producer retailing, timber production, tourism and recycling of aggregates according to research carried out by Friends of the Earth [2]. This is an increase of some 2000 jobs over the losses predicted by the Quarry Products Association.
- < **Create flexible and robust communities** - an aggregates levy, by decreasing dependence on aggregates extraction, will enable communities, particular hard hit rural communities, to develop more diverse means of income and thereby regain control of their economy and prosper without degrading their environment.
- < **Encourage innovation** - an aggregates levy would give Northern Ireland's indigenous industries the opportunity to establish themselves as world leaders in innovative, environmentally sound enterprises. Northern Ireland company, Powerscreen, is already a world class supplier of aggregates recycling plant.
- < **Increase equity** - An aggregates levy can increase equity by reducing the environmental costs borne by the poor who 'live downwind, downstream and downhill' from pollution sources.
- < **Strengthen the levy in Britain** - the quarry producers will argue that an exemption for Northern Ireland will put producers in Britain in an unfair, disadvantageous position therefore the exemption must be extended. An exemption for Northern Ireland will make it very difficult for the Government to implement the tax in Britain and may result in no tax at all.

## References

[1] The tax of £1.60 per tonne on aggregates (crushed stone, gravel and sand), to tackle the adverse environmental and social impacts of the quarrying industry, is due to be introduced in April 2002

[2] A more detailed briefing on the economic, social and environmental benefits of the aggregates levy in Northern Ireland is available from Friends of the Earth on request.

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