Delivering for the UK and supporting growth in the next Parliament... 

...how the Mineral Products Industry can help
Summary

Mineral products . . . essential to the economy and our way of life

The mineral products and quarrying industry is an essential, indigenous and major primary material producer in its own right that is locked into the DNA of a whole host of other important industries. We are the largest supplier to the construction industry and sectors such as housing and property, as well as transport, energy and water all rely upon the supply of mineral products of one type or another. In short we are critical to the development and maintenance of UK infrastructure and for the improvement of people’s everyday lives.

5 actions for Government for the next Parliament:

- Focus on encouraging UK growth, indigenous production and investment including the delivery of the national infrastructure programme and meeting housing needs
- Ensure energy and climate change policies are consistent with the need to sustain a competitive UK mineral products sector, including Energy Intensive Industries (EIIs). Withdraw the carbon price floor
- Review and reduce the cumulative cost and volume of environmental legislation. Freeze the Aggregates Levy while there is a comprehensive review of the policy
- Ensure all mineral planning authorities have sound local minerals plans in place consistent with national guidelines
- Work with industry to ensure positive outcomes in key sustainability areas such as health and safety, water, recycling, waste and biodiversity

5 actions for the Mineral Products and quarrying industry for the next Parliament:

- Invest to ensure long term mineral products demands are met
- Invest in improving the skills and safety of our employees and the public
- Seek opportunities to further reduce carbon emissions
- Support efficient use of mineral and other resources
- Enhance nature conservation and biodiversity

The mineral products and quarrying industry contribution to the UK:

- 250 million tonnes annual production
- An industry worth £9 billion pa
- An industry providing 70,000 jobs and supporting 2.5 million jobs in the supply chain
- An industry supporting industries valued at £400 billion pa
- The biggest supplier to the £120 billion construction industry
- An essential industry critical to the economic recovery

We summarise on the following pages those more specific issues that we would like all political parties to take account of in preparing for government.

MINERAL PRODUCTS:

aggregates . . . asphalt . . . cement . . . concrete . . . dimension stone . . . mortar . . . lime . . . silica sand . . . recycled and secondary materials
Economic recovery and competitiveness

Infrastructure, housing and construction

The mineral products and quarrying industry will continue to underpin essential infrastructure, housing and construction investment, but needs confidence that the next Government will sustain investment and provide the right conditions for industry to plan, invest and develop.

- There is an identified pipeline of over £375 billion of infrastructure investment, including all modes of transport, energy and water and sewerage.
- In spite of the housing recovery, only 135,000 homes were built in 2013 compared with a long term need for over 200,000 new homes per annum.
- There is a £12 billion shortfall in the maintenance of our local roads.
- The UK population will increase by over five million people by 2025, placing significant pressure on public and private services and infrastructure, with major implications for both mineral products demand and supply for construction.
- The Government needs to ensure that fair and timely payments are made to companies throughout the construction supply chain.

Affordable energy and carbon costs

MPA members will continue to ensure that their operations are as energy efficient as possible, but we need confidence that the next Government appreciates the significance of energy related costs and measures to UK businesses. Ellec like cement and lime are vulnerable to international competition and for most mineral businesses energy related costs are a significant issue. UK Government schemes to compensate for the cost of regulatory measures must be made available to all the cement and lime industries.

- Cement and lime are international industries and are globally traded products, where a very significant competitive element in production is the cost of energy, supplemented by the imposed cost of carbon taxes and market measures.
- Support for critical and vulnerable indigenous mineral products industries must be delivered. UK energy costs, added to various European and national government energy and climate change measures (e.g. EUETS, CRC, Carbon Price Support) highlight concerns that these essential UK industries are becoming less internationally competitive.
- The long term costs associated with the EUETS and UK Carbon Price Support point to steep increases in the cumulative costs of such measures (even accounting for Budget 2014 announcements).
- Offshoring mineral Els through the imposition of high UK costs would do nothing to reduce global carbon emissions and potentially impairs our security of supply.
- Our industry is committed to further reducing carbon dioxide emissions – cement CO₂ emissions per tonne of output have fallen by 21% since 1998.
- Although the UK is largely self-sufficient in many key mineral products we should not be complacent to threats to competitiveness. The UK became a net importer of concrete products from 2009 whilst the market share of cement imports increased from 10% to 13%. Support for innovation in critical mineral product industries must be available to facilitate continued improvement.

Regulation and Taxation

The MPA supports reasonable, proportionate and consistent regulation, as well as fair levels of taxation, which encourage investment and competitiveness. It seeks commitment from the next Government that where European Directives have been transposed into UK law, this should be done without any “gold plating”, increased policy cost or uncertainty.

- The cost of planning and environmental taxes and regulation for the mineral products industry was £400 million in 2012 and is likely to exceed £660 million per annum from 2020.
- Regulatory changes need to be considered carefully, taking account of the potential implications of regulation. There needs to be greater weight given to the cumulative impacts of regulation when regulatory impact assessments are carried out.
- Regulation of all types, derived from Europe or UK Parliaments, should be implemented reasonably, proportionately and consistently. Policy certainty should be increased without increasing cost.
- The Aggregates Levy is a poorly designed environmental tax and needs urgent review. It was introduced on an entirely questionable analysis of the environmental costs of the industry which assumed, for example, that biodiversity and habitat creation through quarry restoration has zero environmental value.
- The Aggregates Levy adds an additional £300 million per annum to the costs of supplying aggregates to public and private sector construction customers in the UK.
- The impact of the Aggregates Levy has been particularly damaging in Northern Ireland as there is no Levy cost on competing operators in the Republic of Ireland.
- The only positive aspect of the Aggregates Levy was the ring fencing of a percentage of revenues into a separate community and sustainability fund, called the Aggregates Levy Sustainability Fund, or ALSF. This scheme remains active in Wales but was scrapped in England in 2011. As long as the Levy is charged, an ALSF should exist to provide local community and other benefits such as nature conservation.
Secure, affordable & sustainable energy supply

The need for secure and affordable energy supplies

Members will continue to seek opportunities to reduce energy use and carbon emissions. The next Government must enable delivery of secure, diverse and competitive energy supplies.

■ Our industry operates energy intensive processes such as cement and lime manufacturing, as well as less energy intensive activities. Energy costs for mineral products industries must be minimised.

■ MPA members need certainty and reliability in energy supply. Losses of continuous power supplies would not only damage manufacturing facilities and stop production, but would also slow down the operations of our customers, ranging from house builders to glass manufacturers.

■ A lack of confidence in the ability of the UK to provide a reliable supply of power to industry would encourage international businesses to consider transferring investment overseas.

The contribution of the minerals industry to the construction of new energy generation facilities

Our industry provides essential materials needed to build new power generation facilities. The next Government needs to maintain a resource management system to ensure these indigenous minerals are used to build the UK’s low carbon economy.

■ Aggregates, concrete, asphalt, lime and other essential mineral products have underpinned the development of the power generating facilities for decades and are essential for future development.

■ The new generation of nuclear and conventional power stations will require large volumes of construction materials.

■ Mineral products are also essential for the provision of renewable sources of energy, for example, concrete bases for offshore wind farms.

Direct and indirect costs of energy and climate change policies compared to the GVA of the UK Cement industry (£ – million)

Source: ONS, MPA.

*GVA is assumed to rise at a pace of 2.5% per annum and production constant at 10 million tonnes per annum.
Investing in people

Health and safety

MPA members will continue to make Health and Safety their top priority and to relentlessly pursue reductions in injury or illness. We seek continued support from the next Government and the Health and Safety Executive to achieve this objective.

- Our industry has made great improvements in employee health and safety. The number of reportable injuries has declined by 85% since 1999, but Zero Harm to all employees, contractors or visitors on members' sites remains the key objective.

- MPA has introduced a framework of ‘Safer by Competence’ initiatives which aims to demonstrate competence throughout its workforce as part of its overarching aim of achieving Zero Harm.

- We are committed to improving the health and safety of all contractors working at our industry locations.

- MPA was among the first to introduce a policy to reduce collisions between industry vehicles and vulnerable road users such as cyclists and pedestrians, involving both driver training and additional vehicle equipment.

- Our industry is seeking to improve public safety, working with a range of organisations to alert people to the potential dangers of unauthorised entry into industry and old industry sites.

Modern skills

Our industry will ensure that its labour force is properly trained and productive. Government needs to provide an educational and training system equipping our young people with the rights skills for the future.

- Our industry provides 70,000 jobs and we have a continuing need for young people with a wide range of skills and aptitudes, from school leavers to postgraduates.

- Our industry will continue to train our employees in a variety of skills and competences to ensure productive futures.

- We will continue to support our own industry’s training and skills organisation, the Mineral Products Qualification Council.

- Government needs to ensure that training resources are focussed on people who will benefit directly and not on self-serving skills bureaucracies.
Resource security, efficiency and management

Access to minerals

The MPA will work with the next Government to help ensure that applications for new extraction in the mineral products sector and associated investments are brought forward in order to sustain the recovery. It is essential for Government, at all levels, to ensure that the plan-led system is implemented effectively and that access to minerals is not unreasonably compromised.

- Since 1976, the minerals industries in England and Wales have operated within a Managed Aggregates Supply System (MASS) and accompanying minerals guidance and strategy documents, providing policy consistency.
- A new overarching policy paper came into force in 2012 – the National Planning Policy Framework (NPPF) – which addressed all forms of planning, not just minerals.
- NPPF makes clear that the plan-led system must continue to be the basis on which there is continuing access to UK minerals.
- The operation of the planning system includes significant levels of public scrutiny and transparency – no further initiatives are needed to secure public involvement.
- The primacy of the planning system over environmental permitting needs to be re-established.

Resource security and efficiency

The MPA will continue to support the efforts of the next Government to increase resource efficiency. We seek assurances that the UK’s indigenous minerals are safeguarded for future generations, and complemented by effective use of recycled and secondary materials in mineral products markets.

- The UK has substantial geological resources such as limestone, granite, sandstone and sand and gravel. These minerals enable the production of products such as asphalt, cement, concrete and mortar for construction, lime for industry and agriculture and silica sand for glass making and many other uses.
- Indigenously produced minerals will continue to be the essential source of supply for many industries and particularly bulk minerals for construction, industrial and agricultural uses.
- Recycling is now virtually maximised and meets nearly 30% of total aggregates demand, but new extraction will remain the major source of supply for the foreseeable future.
- Some non-energy minerals not available in the UK will still need to be imported and the security of such supply will be essential. Efficient use and reuse of these materials will reduce dependency.
- There will be continuing efforts to improve the efficiency of use of mineral resources but the forecast UK population increase of over five million by 2025 suggests significant long term minerals demand in the UK.
- There is a need, therefore, to ensure that our own indigenous minerals remain available, accessible and viable.

Recycling and beneficial use of waste

The MPA will continue to strongly support recycling or reuse wherever possible, including the use of waste-derived fuels in cement and lime manufacture and the minimisation of waste. We seek Government support in defining the beneficial use of inert waste for land restoration as a recovery, not a disposal operation, to help the industry sustain high quality quarry restoration.

- The minimisation of waste creation and the recycling or reuse of discarded materials wherever possible are fully supported by MPA and its members.
- The use of waste derived fuels will continue to be vital to energy intensive industries such as cement and lime. Waste materials account for 40% of fuel use in cement manufacture.
- The mineral products and quarrying industry has a strong recycling record. Nearly 30% of aggregates markets comprise previously used construction products, by-products from the iron, steel and power industries and from other extractive operations. The UK recycling rate is three times higher than the European average.
- 16% of cementitious sales in GB are materials which are the by-products of other industries such as ground granulated blast furnace slag and pulverised fly ash.
- There is a continuing need for inert materials (such as clays and sub soils) for use in the restoration of quarries but this use must be regarded as a recovery, not a disposal process, to enable high quality quarry restoration.
Environmental improvement

Biodiversity

MPA members will continue to work with Government, wildlife and conservation organisations and local communities to improve UK biodiversity. We seek recognition from the next Government that quarry activity and restoration has beneficial outcomes, especially for biodiversity and nature conservation.

- For many decades and especially in the past two, the minerals industry has appreciated that it has the ability to contribute positively to the UK’s biodiversity mix.
- This has been recognised by DEFRA, Natural England, many NGOs and other environmental interests, and more publicly since the introduction in 2011 of the MPA’s Biodiversity Awards, in association with Natural England.
- It is on record that nine out of eleven of the UK’s national biodiversity plan targets could be met by coordinated restoration of quarries.
- Initial MPA survey work has so far identified 10,000 hectares of priority habitats which have been created or will be created by MPA members.
- Such restoration activity generates significant long term amenity and other benefits for local communities.
- The MPA has launched its National Nature Park, an online resource showing a national network of quarries that have been restored for wildlife and which are accessible to the public.

For the mineral products and quarrying industry the crucial issue is the transfer of water and the continued ability to do so through licensing is a vital aspect of quarry investment and management (many quarries need to move water off site – dewatering – to enable extraction to take place).

- Whether industry investment is required from international companies, with the power to invest elsewhere in the world, or from UK SMEs needing to source finance from banks or shareholders, confidence in the ability to continue dewatering is a pre-requisite for continued investment and production.

Environmental management

MPA members are leaders in improving the environmental management of industry sites and increasing the percentage of sites managed under recognised environmental management systems. A high proportion of industry production is certified to Responsible Sourcing standards. Industry seeks tangible recognition from Government and regulators of the progress which has been made and reasonable, proportionate and consistent implementation of environmental regulation.

- In recent years MPA members have ensured that a significant number of their sites are managed under recognised environmental management systems.
- 100% of cement sites and over 90% of MPA aggregates quarries are covered by environmental management systems.
- Over 95% of MPA members’ sales of ready-mixed concrete are certified as Responsibly Sourced.
- Emissions of nitrogen oxides, sulphur dioxide and dust by MPA cement producers have fallen by 58%, 80% and 80% respectively since 1998 per tonne of cement produced.
- Marine dredging is an essential element of the aggregates supply mix and the area dredged annually accounts for only 0.01% of the UK seabed.
- MPA and company sustainability reporting provides a significant amount of information on industries including land won and marine dredged aggregates, cement, concrete and lime.

Water

MPA members will ensure that their consumption of water is kept to a minimum. They need the certainty of water transfer licences to maintain essential minerals supply.

- The management of water supply is a crucial strategic consideration for society and the economy.
- River Basin Management Plans (RBMPs) and the Catchment Area Management Strategies (CAMS) are important elements in the future management of water availability.
The Mineral Products Association is the trade association for the aggregates, asphalt, cement, concrete, dimension stone, lime, mortar and silica sand industries.

For further MPA information visit www.mineralproducts.org

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