Aggregates Levy

A new levy on the extraction of aggregates was introduced on 1 April 2002. The levy (charged at £1.60 per tonne) applies to sand, gravel and rock and is non-deductible. Products such as coal, metal ores, industrial minerals, materials used in production of lime and cement and dimension stone are not covered by the levy. In addition there is a phased introduction in Northern Ireland.

Impact on Manufacturing Output Prices

The high level PPI output indices only cover the manufacturing sector, so the aggregates industry (Division 14) is not included. However, within SIC Division 26 (other non-metallic minerals) there are a number of industries whose products use aggregates in the production process, most notably ready mix concrete and articles of concrete. Output prices for these products rose in April which reflected the introduction of the levy.

Impact on Mining and Quarrying Output Prices

An output index for Division 14 (other mining and quarrying) is included in table 5 of the release. This includes price quotes for the sale of extracted sand, gravel and rock which are directly affected by the new levy. Division 14 including the Levy is included in this release. An index for Division 14 excluding the Levy is published in table 4 of "Producer Prices MM22".

Division 14 is not included in any of the higher level output indices, since it is not part of manufacturing.

Impact on Material and Fuels Input Indices

Output prices from Division 14 feed into the main input index and the input index excluding food, beverages, tobacco and petroleum industries. Division 14 including the aggregates levy has been used as a component in these indices. The levy added 0.17 index points to the main input index (from April) and 0.42 index points to the index excluding food, beverages, tobacco and petroleum industries.

Division 14 is a component in several of the detailed industry input indices on table 7 of the First Release. The indices most affected will be the manufacture of non-metallic minerals (RBBY), other mining and quarrying (RABE), construction materials (ROGG) and house building materials (ROGH). These indices now use Division 14 including the Levy as components.