

Competition Commission – Aggregates, Cement and Ready-Mix Concrete Market Investigation

Comments by the British Geological Survey on the Statement of Issues document.

Paragraph 20, bullets 2 and 3 – The sensitivity of construction activity to aggregates prices is regarded as small due to the low cost of aggregates in relation to the overall value of buildings and structures produced. Levels of demand are therefore not likely to show much response to changes in aggregates prices. Furthermore, it should be noted that the capacity to increase the level of imports of aggregates into the UK is limited. This is primarily due to limitations on port facilities and onward transport infrastructure. Additional information on both points can be found in a study undertaken by the BGS, in collaboration with CEBR, into *The need for indigenous aggregates production in England* <http://www.bgs.ac.uk/downloads/start.cfm?id=1373>, in particular section 3.7.3 *The sensitivity of construction activity to aggregates prices* and Chapter 4 - *Are significant imports a realistic option*. Note also that national policy for England states that so far as is practical planning authorities should encourage indigenous mineral supply (National Planning Policy Framework (NPPF) para 143).

Paragraph 23 – It should be noted that primary aggregate resources are unevenly distributed and that they can be worked where they occur. This is particularly the case for crushed rock aggregates, resources of which are almost completely absent from areas of relative high demand such as the south and east of England and London.

Paragraph 31, bullet 3 – There are a number of issues tied-up in this statement.

- Landbanks are intended to ensure security of supply. In England, minimum landbanks of 7 years for sand and gravel and 10 years for crushed rock are specified in national policy (NPPF – para 145). There is anecdotal evidence that local authorities treat these landbank durations as a maximum rather than a minimum, restricting the permitting of additional sites / reserves which would extend the landbank beyond this period.
- There is also anecdotal evidence of companies ‘Landbanking’ - holding permissions to prevent access to reserves by other operators. This may be seen as a consequence of local authorities treating landbank duration as a maximum (see above). Note also that NPPF para 145 includes a statement that local authorities should ensure ‘that large landbanks bound up in very few sites do not stifle competition’. In practice, it is considered unlikely that operators would choose to incur the cost and difficulty associated with obtaining planning permission on land that they did not intend to exploit. However, there are occasions when planning permission is granted at the moment in time when the local demand falls and consequently development is delayed for economic reasons. These comments also apply to **Paragraph 47, bullet 4**.
- Note that the Managed Aggregate Supply System (MASS) indicates to local authorities in England and Wales the volume of material they should plan to supply the market over a set period (currently 2005-2020). It is national planning policy (NPPF in England, and Minerals Technical Advice Note 1: Aggregates in Wales) which tells local authorities the duration of the landbank.

Paragraph 33, bullet 3 – Cement requires both limestone and clay for its manufacture.

Paragraph 46 - It should be noted that environmental and amenity issues related to aggregate mineral extraction and transport are considerable. Mineral extraction is an unpopular form of land-use. As a consequence, obtaining and maintaining an environmental and social licence to operate in the UK is a major undertaking.