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- Individual  
 Organisation

Full name or organisation's name

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## **Friends of the Earth Scotland response to the Scottish Government's consultation on a devolved aggregates tax**

This response sets out Friends of the Earth Scotland's position on a devolved aggregates tax and notes several areas for attention which, we believe, are important to consider in its development.

### **Overview**

Friends of the Earth Scotland supports the introduction of a devolved aggregates tax which aims to reduce raw material extraction to sustainable levels. Whilst we support the introduction of this tax in principle, we note with concern the superficial consideration of the circular economy, which, if not addressed, may ultimately lead to the failure of this tax to reduce environmental impacts effectively.

We recommend:

- That the stated aim of the Scottish aggregates tax should be to reduce primary extraction of aggregates.
- The design of the Scottish aggregates tax should be guided by a scale and pace of change which would align with a wider goal to achieve a sustainable material footprint by no later than 2045.
- The rate of the Scottish aggregates tax should be high enough to achieve this aim.
- That the effectiveness of the tax be measured through raw material extraction and that this indicator should be reported alongside other circular economy indicators as part of the Waste Route Map.
- A relief should not be applied to exports of aggregate, except for cases where this would lead to double taxation.
- If this tax achieves the aim of reducing primary extraction it is likely to have an impact on jobs. Therefore measures to ensure a just transition for any impacted workers or communities must be put in place, with workers and communities included in the development of plans.
- Friends of the Earth Scotland support the establishment of a sustainability fund from the revenue of the devolved aggregates tax which should be used to mitigate environmental impact of aggregates extraction and other environmental and social damage done by resource extraction.

### **Areas for attention**

#### **The stated aim of the aggregates tax**

The consultation does not clearly state the aim of the Scottish aggregates tax. In section 1.21, it is noted that: "Recognising the environmental impacts associated with the use of new materials, we intend that a devolved tax will support those goals and continue to

encourage a shift in demand from primary aggregate towards recycled aggregate”. Therefore, we assume that the aim is the same as the stated aim of the UK Aggregates levy, which is to reduce primary material extraction. Friends of the Earth Scotland supports this aim and believe it should be clearly stated in future legislation and communications around the Scottish Aggregates Tax.

### **Meaningful circular economy context**

Whilst the consultation document states its ambition for the aggregate tax is to support the Scottish Government’s circular economy strategy, little reference is made to the research and activity already being conducted in this area. For example, neither Zero Waste Scotland’s 2021 [Material Flow Accounts](#) nor, perhaps the most advanced and ambitious circular economy agenda for construction in the world, the Dutch government’s [Circular Construction Agenda](#), published in 2021 as part of their goal to become completely circular by 2050, are cited. The Scottish Aggregates tax should be integrated as a policy lever into a Circular Economy Sector Plan for construction.

It is concerning that the circular economy agenda has only superficially been included in the Scottish Government thinking on a devolved aggregates tax. Without this context, it is less likely that an aggregates tax will meet its aims to reduce environmental impacts. There is much that can be learned from existing efforts to create a circular construction sectors across the world. We urge the Scottish Government to consult this body of work, particularly those publication from its own agency, Zero Waste Scotland.

### **Understanding the scale and pace of change required**

The Scottish Material Flow Accounts (MFA) estimates Scotland’s material footprint. In 2017 18.4 tonnes of materials per person, or 99.8 Mt materials in total, was consumed by Scotland<sup>1</sup>. This includes 6.2 tonnes per person, or 33.4 Mt in total, of non-metallic minerals (mainly aggregates).

As set out in Friends of the Earth Scotland’s response to the Scottish Government Waste Route Map consultation<sup>2</sup>, we believe that Scotland should aim to reduce its material footprint to sustainable levels by 2045 at the latest. Experts believe that a material footprint of no more than 8 tonnes per person per year is needed for a sustainable, high quality lifestyle<sup>3</sup>. This is a 57% reduction compared to Scotland’s 2017 material footprint. The Scottish MFA is peer reviewed research which aligns with European reporting methods of material flow accounting.

It is unclear how much of the 8 tonnes per person sustainable material footprint should be made up of aggregates. We recommend that, as part of the development of a

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<sup>1</sup> Zero Waste Scotland (2021) [Scotland’s Material Flow Accounts 2011-17](#)

<sup>2</sup> Friends of the Earth Scotland (2022) [Response to the Waste Route Map consultation](#)

<sup>3</sup> Lettenmeier et al. (2014) [Eight Tons of Material Footprint—Suggestion for a Resource Cap for Household Consumption in Finland](#)

Circular Economy Sector Plan for construction the Scottish Government conducts research to understand the amount of aggregate Scotland should be aiming for as part of a sustainable material footprint.

Until that research is conducted, the 57% reduction of Scotland's overall material footprint can be used as a high-level estimate of the scale of reduction in aggregates required. Reducing Scotland's non-metallic mineral consumption by 57% would mean a reducing Scotland's aggregates consumption from 33.4 Mt per year to 14.5 Mt per year by 2045.

### **Set the rate(s) to meet the aims of the tax**

Aggregates taxes can fail to meet their primary aim to reduce raw material demand because of the low elasticity of the product. The tax rate should be set at a level which meets the required scale and pace of reduction in primary material extraction. This may be much higher than the current UK aggregates tax rate.

The UK Aggregates Levy is £2 per tonne, whilst the Scottish Landfill tax is set at £98.60 per tonne currently. The reduction in waste sent to landfill over the last decade indicate that the Scottish Landfill tax is effective at discouraging landfill of materials. Friends of the Earth Scotland suggest that a much higher rate of tax than £2 per tonne is considered for the Scottish aggregates tax to make sure it is effective.

### **Consider a higher tax rate for exports**

We are of the view that, in general, a relief from a Scottish levy should not be applied to exports of aggregate, except for cases where this would lead to double taxation, ie where they are exported to other countries that apply an aggregate tax to imports.

Where aggregates are sold in the rest of the UK relief should also be applied to avoid double taxation.

### **The need for a just transition**

Like any policy decision which is expected to affect jobs, the Scottish aggregates tax must consider how any changes to jobs as a result of implementing the tax will be just and fair. The views of workers and communities likely to be affected by the reduction in primary extraction of aggregates, that would be the result of an effective tax, must be sought to inform measures to ensure a just transition.

### **Integrate with other policy areas**

A tax alone cannot solve the problem of over-consumption of materials. It is, therefore, encouraging that the Zero Waste policy in the latest version of the National Planning Framework 4 places such strong emphasis on reuse of buildings. A strong Waste Route Map will also be vital in creating policies which support reduction of primary aggregate extraction. The Scottish Government must strive for an interconnected policy framework which will support decision makers across Scotland to create a circular economy for aggregates. A devolved aggregates tax can play an important part in this transition.