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CONSTRUCTION CALLS FOR LONDON TO CUT VAT AND GET WALES BUILDING

Construction leaders are intensifying action to have VAT lowered to 5% for all building repair and maintenance work. The move follows last month's successful launch of the 'Get Wales Building' campaign in the National Assembly to press the Welsh Government to do all it can to help prevent a predicted 450,000 UK job losses.

The 'Get Wales Building' coalition is spearheaded by the Builders Merchants Federation (BMF), British Precast, Federation of Master Builders and the Modern Masonry Alliance. The Manifesto sets out a platform of policy and tax decisions the partners want Rhodri Morgan and Paul Murphy to adopt if construction is to get through the worst economic hardship Wales has endured for many years.

The manifesto concentrates on 3 areas of action by policymakers & decision-takers:

- Tax and Finance – liquidity and responsible bank lending; 5% VAT; Stamp Duty reform; reintroduce Mortgage Interest Tax Relief and Empty Property Rate Relief
- Policy – tackle the quality of existing housing; bring empty homes back into habitation; improve energy efficiency; identify and release enough land to build 6,500 new social dwellings by 2011 with Welsh local authorities 'fast-tracking' planning approvals; a holiday for Section 106 agreements; abandon the Community Infrastructure Levy; an implementation plan to deliver public works like schools, colleges, highways, hospitals and prisons
- Administrative Procedures – simplify planning and development control; eliminate unnecessary regulation and repeat requests for information; prompt payment by the public sector inc. setting contractual terms to see sub-contractors paid swiftly.

The campaign enjoys all-party support. AMs watched a short film on the difficulties currently faced. Hosted by Joyce Watson AM, the builders, merchants and allied trades present also heard Mohammed Ashgar AM (Plaid Cymru), David Melding AM (Conservative) and Kirsty Williams (Liberal Democrats) speak at the launch.

Malcolm Jones, Sales Director of Robert Price Builders' Merchants went to lobby politicians in the Welsh Assembly.

"Construction industry voices – the BMF foremost among them – have been campaigning for this for some months. In already dire trading conditions, we see this move as crucial if we are to find our way out of recession".

"If redundancies on this scale were happening at one factory, on one site, there would be a public outcry. But because we're talking about the cumulative total of thousands of small and medium-sized businesses, it goes unnoticed. Voters are quietly losing their jobs, homes and businesses – out of the London-based media spotlight – around Wales, in cities, the suburbs and small towns. Yet the plight of the car industry grabs the headlines and politicians start to act".

In March, EU Finance Ministers voted to allow member states to lower VAT rates permanently for certain sectors – especially labour-intensive, highly-trained, local services like building repair and maintenance. 'Get Wales Building' sees no reason for British politicians to drag their feet any longer.

Welcoming the Euro-decision, Chris Pateman, BMF managing director and co-organiser of the 'Get Wales Building' launch said:

"The Government has no option but to reduce the VAT on building repair and maintenance work. The building industry is on its knees with nearly 300,000 job losses in the last 12 months. A cut in VAT would throw the sector a lifeline and could stimulate the market almost overnight".

"In the past, the Government's reason for not cutting VAT was due to Europe failing to agree. Europe's politicians have now given Gordon Brown and Alistair Darling the freedom to act – and introduce a lower VAT rate in the Budget on 22nd April".

Chris Pateman continued:

"The Brown Darling Government is no stranger to the idea of lowering VAT rates – we saw this when the Chancellor cut the standard VAT rate to 15% last November. At the time of the Pre-Budget Report, it was reported to be the first time any government had cut VAT rates. The welcome Euro-decision allows our Westminster Government to do it again and help to Get Wales Building".

The Government's target of 3 million new homes by 2020 is in trouble because of the recession, the Housing Minister admitted last weekend. In a BBC-TV interview,

Margaret Beckett said she is looking at ways to get "back on track" once the downturn ends. But 'Get Wales Building' and others are calling on government to do more, including bringing nearly 1 million empty homes back into habitation.

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Notes to editors:

The Builders Merchants Federation (BMF) is the trade association representing the majority of companies in building materials' distribution. Members include builders, plumbers, heating and timber merchants, together with major manufacturers and distributors, with combined annual sales of over £7.2 billion. Prominent members are:

- Huws Gray – 15 sites – Clwyd, Denbighshire, Flintshire, Gwynedd and Anglesey
- Robert Price (Builders Merchants) Ltd – 17 sites – Monmouthshire, Gwent, Powys and Mid, South and West Glamorgan
- LBS Building Merchants Ltd – 10 sites – Carmarthenshire, Pembrokeshire, Ceredigion, Powys and West Glamorgan
- Richard Williams (Dengawny) Ltd – 2 sites – Conway and Denbighshire.

The BMF believes a lower VAT rate helps government to (a) achieve other high-level declared targets and (b) assist hard-pressed businesses notably SMEs. For example:

- low or zero-carbon homes: new builds are easy, but existing grants & long pay-back periods offer voters little incentive to invest to secure our low carbon future
- equality: VAT on improvements for the disabled varies – ramps & bathrooms are exempt – other essentials like accessible kitchens & bedrooms are not
- enforcement: it is unrealistic to expect HMRC to increase its inspectorate to cope with widespread evasion – this frees them to concentrate where risks are greater
- fuel poverty: cutting VAT on energy efficient improvements helps in retrofitting housing stock (notably 'hard to treat' ones) to make them more energy efficient.

Politicians elsewhere have already voted in favour of lowering VAT in this way:

- the Welsh Assembly debated its National Housing Strategy on 10 February – AMs added an amendment to make representations to London for a 5% VAT rate
- in the European Parliament, MEPs voted by a 600+ majority on 19 February
- the Scottish Government announced it was in favour of lower VAT on 23 November 2008 and 2 March 2009, calling for a cut in the next Budget.