

# SAACT Newsletter

Issue 5

April 2007

## What is the Price of Your Vote?

**S**cottish Action Against Council Tax is a non party-political pressure group dedicated to the abolition of the present system of Council Tax.

SAACT, while autonomous, has historical links with, and corresponding aims to, the Isitfair group in England and Wales. i.e. Scrap this tax in favour of a fair system.

We believe that the Council Tax is grossly unfair. We contend that the whole basis of this regressive tax is flawed and therefore no amount of tinkering with the system, aimed at giving it a veneer of fairness for short term political gain, can be justified.

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### The Scottish Parties' Current Policies.

Space limitations and lack of information on costings etc. do not allow a detailed analysis of the various parties' proposals, but they can be readily grouped into the two broad categories of those who propose to scrap the Council Tax and those who wish to retain it.

#### Those Who Wish to Scrap Council Tax

This group includes the Liberal Democrats, the Scottish Nationalists, the Pensioners Party, Solidarity, the Scottish Socialists, the Greens and many of the Independents and smaller parties.

To our knowledge, all of these wish to scrap this totally unfair tax and replace it with one which reflects ability to pay.

With the exception of the Greens who favour a land value tax, all the above see the practical implementation of the ability to pay principle as some form of income tax.

**It is important to point out here that all of these groups have, for years, advocated the scrapping of this tax from conviction i.e. this is not just a quick fix election policy for them.**

**Also, recent sampling of public opinion has confirmed overwhelming support for Council Tax abolition.**

#### Those Who Wish to Retain Council Tax.

This group comprises two parties only – Scottish Conservatives and Scottish Labour.

As most readers will be aware, the Conservatives introduced Council Tax as a quick fix when they were forced, by public opinion, massive demonstrations and civil disobedience measures, to abandon the Community Charge (also popularly known as the Poll Tax).

Since then, Conservatives and Labour have been united in their defence of this grossly unfair tax.

Only recently has either party, when faced with imminent elections, conceded implicitly that there just might, after all, be elements of unfairness in Council Tax. They have done this, not by honest admission, but by a blatantly cynical policy of a promise of **Cash for Votes** should the party have electoral success. From the Conservatives, a 50% reduction in pensioner Council Tax and from Labour, a similar reduction in pensioner water and sewerage charges. None of these measures is related to ability to pay; none of these measures helps lower paid non-pensioners; none of these measures corrects an inherently bad tax.

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#### Does Your Vote Carry a Price Tag?

My dictionary definition of the word “bribe” reads *“something offered to influence the judgment unduly or corrupt the conduct”*

Bribery in most circumstances is illegal, but in all circumstances is grossly unethical.

What word would you use to describe an action that suddenly, immediately before an election, modifies an entrenched policy of many years standing and promises money to one important electoral group, without consideration of people outside that group in similar economic circumstances? Contrast this with the consistent policy of the other parliamentary groups already referred to.

Would you call this the action of a party that recognises fairness?

Would you trust such a party with the governance of Scotland?

#### Note to Pensioners:

If you pay Council Tax at present then, unless your household income is very much above that of an average pensioner household, you are still likely to pay much less with Local Income Tax.

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## New Domestic Rates?

We hear that Labour's other proposal for change to local taxation is the addition of a property value band at the bottom and one at the top of the present system.

If this is supposed to make Council Tax fair, then it is a particularly pathetic attempt. You can't cure a cancer simply by attempting to treat some symptoms; it requires to be totally excised.

This proposal simply moves the Council Tax closer to the long-discredited Domestic Rates

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## Local Accountability

In the previous Newsletter we looked at the relative ease and cost of collecting Council Tax, Local Income Tax, and a centrally-set income-based tax ring-fenced for local government expenditure. We noted that a centrally-set tax might be both cheaper and easier to collect than a Local Income Tax set by the 32 Councils individually.

But collection costs and ease of collection are not the only considerations. Many people consider local accountability to be important, and some feel that a locally-set tax is essential for local accountability, or at least would make local accountability more transparent. Even if a locally-set tax were more expensive to collect than a centrally-set tax, some would consider this a price worth paying.

But we need to look closely at what local accountability actually means. Councils have relatively limited freedom over how they spend their budgets: much of what they do is prescribed by mandatory, central government requirements. For example, teachers' salaries - a major item of Councils' expenditure - are, quite rightly, set nationally, not locally. Indeed, Councils argue that one reason for the disproportionate increases in Council Tax - aggravated by the "gearing" effect - is that central government is requiring Councils to do more and more, but not giving them sufficient extra funds for these additional responsibilities.

***It is at least arguable that local accountability should come, not from how Councils raise their money, but from the electorate's judgement of the efficiency with which they use their money.***

Allocation of funds to Councils from a centrally-collected tax does not mean that there would be no local input to decision-making - for example, on the replacement of school buildings. And Councils could be allocated a certain amount for genuinely local projects, which they could include in annual budgetary bids to the Scottish Executive.

Comparison may be made with the Scottish Parliament. The Scottish Parliament has only limited tax-raising powers, and has in fact so far declined to use even the limited powers which it does have. Yet it has taken a different line from Westminster on many matters, or has anticipated Westminster - for example on free care for the elderly, the abolition of up-front university fees, the refusal to introduce top-up university fees, the abolition of warrant sales, the smoking ban, the outlawing of fox-hunting, the repeal of Section 2a (Section 28 in England), etc. And where these provisions have had cost implications, Parliament has found the money from its existing, centrally-allocated budget.

The Burt Report had the following comment on local accountability: We asked those local authorities who see tax-raising powers as an essential element of local government for evidence in support of their position. They were unable to provide any objective evidence. As one councillor told us in oral evidence in answering a question as to whether he had any evidence to support the argument that tax-raising powers are an essential element of local accountability: "Well, I believe in God but I have no evidence that He exists either." (Burt Report, Section 6, paragraph 21).

SAACT is not, as a group, indicating a preference for a centrally-set tax over a locally-set tax, or vice versa. We are drawing attention to matters which we think should be considered. The most important consideration is that whatever replaces Council Tax should be a fair tax, more closely related to ability to pay.

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