



# THE LIBDEM TAX STING

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*The long list of Liberal Democrat taxes exposed*

## Key Points

- Liberal Democrats would raise over 40 new taxes, from taxes on air flights to zoos.
- Their local income tax would cost a typical working family in England £630 extra a year.
- Charles Kennedy believes that ‘middle classes... should pay more for a better society’ (*BBC Radio 4, Today programme*, cited by *Press Association*, 24 September 2003).
- Liberal Democrats need to raise taxes to pay for their spending spree of policies – they have made in excess of 100 spending commitments.

These new taxes would hit the entire country:

- *Hard-working families*: local income tax, regional income tax, national income tax of 50 per cent, higher council tax bands, 200 per cent council tax on second homes, higher parish precepts on council tax, new water levy on council tax, dog tax, graduate tax, higher National Insurance, smokers’ tax, stealth increases in capital gains tax by abolishing taper relief, water meters tax and VAT on new homes.
- *Businesses*: new business land tax, higher business rates in Scotland, City of London tax, new development taxes, exchange rate and capital flow taxes, higher landfill and waste tax, taxes on overseas and multinational companies, pesticide tax, plastic bag tax, training tax and a tax on water companies, zoo tax.
- *The Elderly*: a stealth inheritance tax by removing capital gains tax exemptions, a new energy tax which would increase fuel bills and removal of pensions tax relief for higher rate taxpayers.
- *Holiday-makers*: Aviation fuel tax, higher airport departure tax, abolition of all duty free concessions, hotel tax, tourist parking tax, and VAT on all flights.
- *Drivers*: congestion taxes, new taxes on 4x4s, speed camera tax, and new taxes on parking to shop and parking at work.

## How Liberal Democrats make their policies

Liberal Democrats say different things to different people. Often they claim to support low taxes. Charles Kennedy has remarked, ‘we might well go into the next general election saying that we favour lower taxes’ (*Guardian*, 21 January 2002) and Vincent Cable, their Treasury Spokesman, has tried to shed the high-tax reputation of their Party, ‘from an economic liberal standpoint, a key issue is how much freedom individuals enjoy in spending their own money. Penal rates of inflation destroy that freedom’ (*The Orange Book*, 2004, p.169).

But behind the spin, the reality is that they support higher taxes and their policy documents call for a barrage of new taxes.

Liberal Democrat party policy is made by their Party Conference, *not* by MPs or their Party Leader. As their own briefing documents explain, ‘twice a year, in spring and autumn, elected representatives from Liberal Democrat constituency parties assemble at the Party Conference to establish Party policy - the Liberal Democrat priorities for government. Only the Party Conference can determine Party policy, through approving or amending policy papers and policy motions submitted by local parties and conference representatives’ (Liberal Democrats, *The Policy-Making Process*, Policy Briefing 48, May 2004).

This document exposes their true policies, based on their policies passed at conference, policy documents available from their public website and their briefing papers.

Even Vincent Cable has admitted, ‘the state – national government – should not take more than, say, 40 per cent of GDP in tax’ (*The Orange Book*, 2004, p.169). Yet the British government currently takes 36.5 per cent of GDP in tax (*Budget Red Book 2004*). Increasing the tax take to 40 per cent would represent an additional £41 billion in tax – equivalent to 12 per cent on the basic rate of income tax or trebling council tax bills.

### #1 – Air flights tax (higher airport departure tax)

Liberal Democrats have called for new laws to force up airport departure tax and increase the tax on flights. Their policy states, ‘short haul flights contribute significantly more greenhouse emissions than other forms of transport... The airport departure tax would be geared to discourage use of such flights... The legislation will allow for variation in airport tax with higher rates for those routes where a viable passenger rail service already operates... The tax will raise additional revenue’ (Liberal Democrats, *Policy checklist: transport – airport departure tax*, March 2004).

### #2 – Air flights tax (tax on aviation fuel)

Liberal Democrats will make foreign holidays and travel more expensive. They want a new tax on aviation fuel to force up all airfares.

- ‘Liberal Democrats already support in principle the introduction of a duty on aviation fuel by working at a European level, to ensure air transport carries the full burden of its environmental costs... A duty of 3p per litre would bring the industry in line with the costs currently paid by other operations of public transport and remove an advantage enjoyed by aviation over other public transport sectors’ (Liberal Democrats, *Aviation Consultation Paper*, August 2004, p.10).

- ‘Food production, processing, transportation and retailing are a major user of energy... Recommendation... Taxing aviation fuel/aircraft take off and landings’ (Liberal Democrats, *Hungry for Change: Spokesperson’s paper on food policy*, June 2004, p.27).
- ‘We support in principle the introduction of taxation on aviation fuel by working at the European level, to ensure air transport carries the full burden of its environmental costs’ (Liberal Democrats, *A better environment, a better life: Liberal Democrat policies for the environment*, November 2003, p.5).
- ‘We are concerned that short-haul and domestic flights are growing at the expense of environmentally more friendly rail travel. We re-iterate our support in principle for the introduction of taxation on aviation fuel. This would ensure air transport carries the full burden of its environmental costs’ (Liberal Democrats, *Transport for People*, Policy Paper 46, August 2001, p.26).

The tax may be set by the European Union. As they explain, ‘the effective coordination of fiscal policy is one of the most important issues facing the Eurozone... We favour more environmental taxation, in particular a carbon tax and an aviation tax’ (Liberal Democrats, *Future of Europe*, Policy Paper 56, January 2003, p.8-9).

### #3 - Business land tax

It is long-standing Liberal Democrat policy to ‘replace the business rate with Site Value Rating’ (Liberal Democrats, *Quality Innovation Choice*, ratified by their Party Conference on 25 September 2002, p.23). This land tax would be based on land values, set as a fixed proportion of their proposed local income tax. Firms in areas where land values are higher – e.g. local high streets – would end up facing larger tax bills, putting many firms out of business, and encouraging new development on cheaper, greenfield sites.

It would also mean that two pieces of land of the same size in the same area would be taxed equally – irrespective of the use to which they were put. For example, a local garage could pay the same tax as a neighbouring office block.

Liberal Democrats have admitted that ‘such a tax would raise significant sums’ and would be a tax on regeneration and redevelopment - ‘such a tax would also end windfall gains to which people contribute nothing’ (Adrian Saunders MP, as Liberal Democrat Housing Spokesman, *Hansard*, col. 277WH, 24 July 2002).

### #4 - Business rates – big increases in Scotland

When Liberal Democrats do gain a foothold in office, they raise tax.

In 1999, Liberal Democrats, in their Scottish Parliament manifesto, promised to ‘support small and medium-sized businesses’ and ‘work closely with businesses to cut red tape and minimise bureaucracy’ (Scottish Liberal Democrats, *Raising the Standard*, 1999).

Yet, in their own words, they massively increased business rates in coalition with Labour. ‘Reality: the thousand days of the Scottish Parliament have seen over a thousand new regulations relating to business. The government, which the Liberal Democrats are part of, have increased business rates by 9 per cent’ (Scottish Liberal Democrats, *Scottish Liberal Democrat conference*

*magazine*, 15 April 2002). In 2004-05, the business rate poundage is 48.8 pence in Scotland compared to 45.6 pence in England.

## #5 - Capital gains tax - stealth inheritance tax

Liberal Democrats have outlined plans to abolish capital gains tax exemptions; the small print has revealed that this would include abolishing the exemption on capital gains held at death, raising £1.1 billion in tax.

The Inland Revenue's current guidance explains, 'CGT is a tax on capital gains. A gain is an increase in value. You normally only have to pay CGT when you no longer own an asset, that is when you have disposed of it... [but] if you inherit an asset, the estate of the person who died does not pay CGT at that time' (Inland Revenue, *CGT/FSI Capital Gains Tax - A Quick Guide*). Abolishing this exemption would in effect act as a 'double whammy' inheritance tax for many elderly people.

They explain, 'we would close... exemption for capital gains unrealised at death... This is overwhelming a loophole for people who inherit shares and second homes... Exemption of capital gains unrealised at death costs the Treasury about £1.1 billion a year... around 55,000 estates will be effected each year by the CGT at death change... 9 per cent of people who die will be affected' (Liberal Democrats, *Simple Guide to CGT*, February 2001).

They add, 'this would mean that somebody who is elderly would have no incentive not to dispose of an asset so that the beneficiaries of their will could avoid Capital Gains Tax. In the case of things like second houses and businesses this could be a significant spur to efficiency by meaning that assets are held by the most efficient user of them' (Liberal Democrats, *Policy Checklists: CGT*, 2001).

A policy consultation paper published in February 2004 has added that there is 'scope for altering the rules and thresholds of inheritance tax and capital gains tax where houses are sold other than for proceeds to be used to buy another home, e.g. when someone dies and the proceeds of the house are divided between those inheriting the profit' (Liberal Democrats, *Housing Consultation Paper*, Paper 72, February 2004, p.10).

## #6 - Capital gains tax – abolishing taper relief

In addition, Liberal Democrats would also increase capital gains tax by stealth in a second way. They would 'close taper relief... Taper relief means the longer somebody holds onto an asset the lower rate they pay'. They also concede that such a tax change would raise hundreds of millions of pounds, 'taper relief is estimated at **£350 million a year** – but due to its escalating nature it could reach a billion a year over the Parliament' (Liberal Democrats, *Simple Guide to CGT*, February 2001).

## #7 - City of London tax

Liberal Democrats would 'end the practice of giving non-domicile tax status' (Liberal Democrats, *Alternative Budget, Invest to Innovate*, 8 March 2002, p.6).

Yet as the *Evening Standard* has warned, 'a change in the tax status of non-domiciled resident individuals will devastate the London shipping business centred on the Baltic Exchange, cost thousands of City jobs, destroy London's position as the international centre for shipping, undermine its ability to attract key foreign personnel in all its other areas of activity and result in

a lower, not a higher, tax take for the Exchequer... When people talk about the competitiveness of the City, they usually refer to the number of foreign bankers and brokers who are happy to come here to work. These create the pool of talent that cements London's position as the leading international financial centre. A change in the rules will make them want to leave London. There is nothing the Government could do that would give a bigger boost to Paris, Frankfurt and Zurich, the rival Continental financial centres' (*Evening Standard*, 26 March 2002).

A study by economists at Numerica has observed that abolishing non-domicile tax status would knock between **£5 billion and £10 billion** off Britain's GDP (cited in *Sunday Telegraph*, 3 August 2003).

## #8 - Council tax – new council tax bands

Liberal Democrats also support higher council tax bands, meaning higher council tax bills for many hard-working families and pensioners.

- They have said, 'Liberal Democrats are calling for its replacement with a Local Income Tax that will be charged according to ability to pay. As an early first step, the government should increase the number of bands at both ends of the council tax scale. Councils should be free to set the banding for council tax at levels appropriate for their area' (Don Foster MP, then Local Government Spokesman, *A Liberal Democrat Vision for Local Government*, December 2001, section 1.4).
- During the Local Government Bill 2003, Conservatives tabled amendments to stop new legislation introducing high council tax bands. Labour and Liberal Democrats voted to support the new bands (*Lords Hansard*, col. 339, 10 September 2003).
- In Wales, the (then) Lib-Lab administration initiated a review into council tax bands. As a result, from April 2005, under the new Welsh banding system, those in high-valued properties, will see an automatic tax hike of 17 per cent on their council tax bills due to a new Band 'I'. An accompanying revaluation is also forcing 33 per cent of all homes up a band, but only 8 per cent of homes down a band. If the Welsh changes were duplicated in England, then many Band D homes currently paying £1,167 could see an automatic hike of **£257 a year** by being moved up a band; similarly, many Band H homes, could be moved into a new Band I, taking their local tax bill to a record £2,723 a year.

## #9 - Council tax – 200 per cent on second homes

Liberal Democrats want to hammer second home owners with high taxes. It is their official policy for a 200 per cent council tax to be levied on second homes (*Liberal Democrat policy motion passed at LibDem Party Conference*, September 2003). In their own words, 'the policy is a tax on the ownership of second homes and will bring in additional revenue' (Liberal Democrats, *Policy checklist: Housing – council tax on second homes*, March 2004).

Alternatively, there could be an extra tax on house purchases. They note, 'we would allow local councils to introduce a variable premium of up to 100 per cent on the council tax, or a flat-rate tax to deter purchase' (Liberal Democrats, *A home of your own: policies on housing*, Policy Briefing 26, February 2004, p.2). Under the Liberal Democrats' local income tax proposals, those with second homes would get charged a land tax, based on the land value. They advocate, 'to ensure owners of second homes pay a fair contribution to local services, we would levy our equivalent of

business rates, local site value rates, on the second home' (Liberal Democrats, *Scrap Council Tax: Liberal Democrat plans to replace council tax with a local income tax*, January 2004).

Currently, second homes pay between 50 to 90 per cent of a local council tax bill. For a Band D property (£1,167 in 2004-05), the Liberal Democrat policy could mean an increase in tax of up to **£1,751 a year**.

This has the potential to create soaring bills for those with second homes, turning local taxation into a crude socialist wealth tax. Liberal Democrats fail to appreciate that an owner of a second home does not use local services (e.g. schools, libraries, social services) to the same extent as a primary home owner.

### #10 - Council tax – higher parish precepts

Parish councils are able to levy a precept on council tax. Under section 137 of the Local Government Act 1972, expenditure on items that are not directly related to the parish councils' statutory powers (i.e. not their direct responsibilities) is limited to £3.50 for every adult in the parish. Liberal Democrats would hike this limit, meaning soaring parish precepts in many profligate parish councils – without the money going to parishes' frontline public services.

They have asserted, 'we will aim to... increase the threshold on section 137 fundraising which permit parish councils to raises monies' (Liberal Democrats, *Rural Futures*, Policy Paper 52, August 2002, p. 22).

### #11 - Council tax – higher in Liberal Democrat councils

When Liberal Democrats gain control of a council, they charge more in tax.

Liberal Democrat councils cost taxpayers an estimated **£57 a year** more in council tax on Band D homes than Conservative councils, in 2004-05.

Even the independent House of Commons Library has noted, 'amongst metropolitan districts, bills were highest in the average Lib Dem LA [local authority] and lowest in Conservative ones. The largest annual percentage increases occurred amongst the average Labour LA. Average council tax bills in London were highest amongst Lib Dem LAs and lowest in Conservative run councils' (House of Commons Library, *Standard Note: Council Tax 2004-05*, 4 May 2004).

### #12 - Council tax – new water levy

In order to fund their spending commitments on flood and coastal management, Liberal Democrats would increase local taxes. They would 'create a transparent funding mechanism mostly funded by central government, with the ability to top up funding from local taxation to finance local priorities' (Liberal Democrats, *Rural Futures*, Policy Paper 52, August 2002, p. 48). This opens the door to new stealth charges on local council tax bills to pay for their extra spending commitments.

### #13 - Development taxes

Liberal Democrats want to introduce higher taxes on development which would increase house prices and make housing less accessible. They assert, 'we would introduce a greenfield

development levy' (Liberal Democrats, *Rural Futures*, Policy Briefing 30, February 2004). Rather than saving green fields, such a development tax would give perverse incentives to developers to develop higher-profit houses - i.e. four-bedroom luxury family homes. Britain has little need for luxury houses in greenfield areas; we should be concentrating on building suitable housing in urban areas.

In addition, they wish to increase the use of planning gain – forcing developers to make payments to councils on all forms of building. They call for 'strengthening the ability to use Section 106 agreements... Introducing in England a planning gain system that ensures communities benefit from new development' (Liberal Democrats, *Policy motion: Planning for the 21<sup>st</sup> Century*, ratified at Liberal Democrat Party Conference, March 2003).

#### #14 - Dog tax

The dog licence was abolished in Britain in 1987 on the grounds that it 'did nothing to contain the problems caused by irresponsible dog ownership since it had long ceased to command any public respect. Less than 50 per cent of owners bothered to register' (DoE/Welsh Office, *Action on Dogs: the Government's proposals for legislation*, November 1989).

Yet Liberal Democrats would introduce compulsory licences funded by a dog tax. Their policy documents explain, 'Liberal Democrats will introduce a system of compulsory registration for the ownership of dogs... The scheme would be self-financing with the registration fee paying for the microchip, national register and dog warden network' (Liberal Democrats, *Respecting All Animals*, Policy Paper 61, July 2003).

#### #15 - Duty-free abolition

Liberal Democrats want to scrap *all* duty-free. Currently, when arriving in the UK from outside the EU, travellers are able to bring in 200 cigarettes, 2 litres of still table wine, 1 litre of spirits, 60cc/ml of perfume and £145 worth of all other goods including gifts and souvenirs. This would all be liable to excise duty and VAT under Liberal Democrat plans.

They assert, 'we support the existing EU commitment to end duty-free on all European Union travel, and would seek to extend that internationally' (Liberal Democrats, *Our Skies: policies on air transport and airports*, September 1997, p.16). It would mean more expensive alcohol, tobacco and consumer goods for holiday-makers and force airfares to soar, as the revenue from airport shops helps subsidise air fares.

#### #16 - Energy tax

Liberal Democrats would force the elderly and the vulnerable pay yet more of their limited income in heating bills from a new highly regressive energy tax.

Their long-standing policy calls for the climate change levy to be replaced with 'a carbon tax which falls on energy use according to its carbon content' (Liberal Democrats, *Alternative Budget*, 8 March 2002, p.21). This will mean gas bills, coal bills and electricity bills will all rise. In their own words:

- Andrew Stunell MP, LibDem Energy Spokesman, has admitted, ‘the carbon tax would, inevitably, be a tax on all energy users, including those in the domestic sector and those facing fuel poverty’ (Hansard, *Finance Bill Committee, 7<sup>th</sup> Sitting, Part I*, schedule 6, 16 May 2000).
- Their then Treasury spokesman, Matthew Taylor MP, remarked, ‘by introducing a carbon tax we want to give people the expectation that fuel bills will rise’ (*Liberal Democrat Press Release*, 15 July 1996).
- They pledge to ‘internalise the external costs of energy production: the approach to working out the pricing structures for different forms of electricity should take into account the environmental costs of different types of energy’ (Liberal Democrats, *Green Budget*, April 2002, p.12).
- Their policy review documents have admitted, ‘the expectation is that energy prices will rise’ (*Liberal Democrats Policy Review - Environment & Transport*, Clause 3.0.2, September 1998).
- Admitting that their carbon tax would raise more money than the existing climate change levy, they state that there would be ‘additional revenues from the carbon tax’ (Liberal Democrats, *A better environment, a better life: Liberal Democrat policies for the environment*, November 2003, p.7).

## #17 - Euro taxes

Liberal Democrats want the European Union to decide how much tax we pay. Andrew Duff, MEP for the Eastern Region and the official Liberal Democrat representative on the European Convention, has advocated, ‘it (the EU) shall establish a system of own revenue resources which may include the levying of taxes and duties’ (*Contribution to the Convention*, 27 May 2002).

In the Liberal Democrats’ amendments to the draft European Constitution, they called for the abolition of the national veto and the introduction of qualified majority voting (QMV) for tax harmonisation: ‘QMV to pass laws or framework laws for harmonising measures in the field of indirect taxation... necessary for the functioning of the internal market and to avoid distortion of competition’ (Andrew Duff MEP, *Key Points for 9-10 July*, Amendments to draft European Constitution, 9 July 2003).

In particular, they support EU-levied aviation and carbon taxes, regulated by the European Union rather than national governments. As they assert, ‘the effective coordination of fiscal policy is one of the most important issues facing the Eurozone... We favour more environmental taxation, in particular a carbon tax and an aviation tax’ (Liberal Democrats, *Future of Europe*, Policy Paper 56, January 2003, p.8-9) and they call for the EU to oversee ‘coordinating the adoption by the Member States of environmental taxes, for example a carbon tax’ (*Policy motion passed at Liberal Democrat Spring Conference*, Torquay, March 2003).

## #18 - Exchange rate and capital flow taxes

Liberal Democrats would impose new taxes on the City of London's foreign exchange markets which they claim would raise 'substantial sums of revenue', hammering the wealth-creating City. Both businesses and holiday-makers would pay the price in higher costs for foreign currency.

*Chilean Tax:* They assert, 'there may be a need for additional measures to reduce speculative movements of short-term financial flows, especially in emergencies. Examples include: The so-called 'Chilean tax' on capital inflows and outflows. In 1991 Chile imposed an implicit tax on inflows of short-term capital by requiring 30 per cent of all inflows to be deposited with Chile's central bank for a year' (Liberal Democrats, *Wealth for the World: Policies on International Trade and Investment*, Policy Paper 65, June 2004, p.11) and 'we would support the so-called Chilean tax that would involve developing countries levying a reserve requirement on capital inflows' (Liberal Democrats, *Beyond the nation state*, Policy Briefing 37, February 2004).

*Tobin tax:* In addition, 'the IFA [their new International Financial Authority] should investigate means of implementing, when politically practical, international taxes on foreign exchange transactions. This idea behind this - the 'Tobin Tax' - is to discourage destabilising speculation and thus make foreign exchange markets less volatile; rates would need to be set relatively low to avoid penalising capital flows for normal trading or investment purposes. Since every major foreign exchange trading centre would have to agree to implement such a tax for it to be effective, it is not a realistic option in the short term, but we believe that it would be a valuable instrument in limiting speculation. It would also generate substantial sums of revenue, which could be used, for example, to finance international environment and development goals' (Liberal Democrats, *Wealth for the World: Policies on International Trade and Investment*, Policy Paper 65, June 2004, p.11) and 'we would... call on the British Government to sponsor investigations into the necessary steps for implementation of the Tobin Tax' (Liberal Democrats, *Beyond the nation state*, Policy Briefing 37, February 2004).

## #19 - 4x4 taxes

Liberal Democrats would impose higher taxes on 4x4 vehicles, in the form of higher Vehicle Excise Duty, higher company car tax and a higher congestion tax in London.

Their policy document advocates higher duty: 'there needs to be higher bands of tax beyond D and preferably up to a new band F'. In addition, they call for the 'reclassification of 4x4s for company tax purposes... Drivers only have to pay a nominal tax of just £500 a year. For older 4x4s this could be even lower. 4x4s should be reclassified... so that the full rate of company car tax is paid' (Liberal Democrats, *4x4s: a programme for change*, September 2003, p.3).

On the London Assembly, Liberal Democrats have advocated 'a £10 fee increase for 4x4 vehicles entering the existing [congestion tax] zone' (Lynne Featherstone AM, 'Policy Debate: Charging for 4x4s in London, *epolitix.com*, 8 August 2004). Currently, based on a £5 a day charge, an annual season ticket for the London congestion tax is £1,260 (252 charging days). Consequently, a £10 increase would thus represent a further tax hike of **£2,520 a year**, bringing the annual tax to £3,780 for a typical driver.

## #20 - Graduate tax

They claim that ‘the Liberal Democrats have already scrapped tuition fees in Scotland’ (Liberal Democrats, *The Effective Opposition*, 29 November 2001). They maintain they want to extend this policy to the rest of the United Kingdom – their policy would be ‘based on the system successfully introduced in Scotland by the Liberal Democrat partnership government’ (*Policy motion passed at Liberal Democrat Spring Conference 2003*, Torquay, March 2003).

Yet Liberal Democrats’ policy of ‘no tuition fees’ in practice means ‘no *up-front* tuition fees’ – they just charge you after graduation instead. In Scotland, fees still have to be repaid after graduation.

Those graduating from a Scottish university must pay the so-called ‘graduate endowment liability’; this is a non-means tested fee of **£2,100**. Students can pay immediately or apply for a student loan to pay it. Graduates must pay back the loan once they earn over £10,000 a year; payments are 9 per cent of income over £10,000 and are collected via the graduates’ pay packet.

Far from abolishing tuition fees, graduates just pay later and some pay more. As Labour’s David Blunkett has remarked, ‘it is difficult to see how anyone in Scotland has gained, with 40 per cent of students not paying fees in the first place and now having the non-fee deferred so that they have to pay after they have left university’ (*Hansard*, col. 1096, 17 February 2000).

In fact, Scottish Liberal Democrats broke their manifesto promises on tuition fees, despite being a part of the Scottish administration. Their 1999 election manifesto pledged, ‘we will... abolish tuition fees for all Scottish students at UK universities’ (Liberal Democrats, *Raising The Standard*, Scottish Parliament Manifesto 1999). Not only do Scottish students at Scottish universities pay *de facto* tuition fees after graduation, but Scottish students at non-Scottish UK universities still have to pay Labour’s £1,150 a year tuition fees.

## #21 - Hotel tax

Liberal Democrats want to introduce a new charge on hotel bills to pay for their numerous rural spending commitments. They note that ‘the state of Florida has a strong state tourism association funded by a small sales tax on accommodation bills’ hence they would ‘help the local rural environment via a small levy added to accommodation bills’ (Liberal Democrats, *Rural Futures*, Policy Paper 52, August 2002, p. 29-30). This would make British hotels more expensive and discourage both domestic and foreign tourism.

In the United States, a typical rate for such a hotel tax is 10 per cent of the room rate (source: *Baltimore Sun*, ‘It’s taxation without representation for hotel occupants’, 22 August 2004). For example, if levied on a hotel charging £100 a night, across a 7 night stay, the extra tax would be **£70**.

## #22 - Income tax – new local rate

Liberal Democrats would replace council tax with a local income tax, meaning a return to 1970s-style marginal rates of income tax, destroying jobs and the incentive to work. This would be unfair on hard-working people, on families and on pensioners who have saved in their working lives for security in retirement.

Local income tax would cost working families more. As the *Daily Mail* has reported, ‘the Liberal Democrats put forward their own plans for local income tax which would hit the middle classes hardest’ (*Daily Mail*, 13 January 2004). No wonder, Kennedy has himself admitted, ‘middle classes... should pay more for a better society’ (*BBC Radio 4, Today programme*, cited by *Press Association*, 24 September 2003).

- The average rate of local income tax would be 3.8 per cent; yet this would not be levied solely at the basic rate, but rather on *all* income between £4,745 (after the personal allowance) and £100,000 a year. Hence, the scope of the tax is far greater than just ‘4 pennies on the basic rate’.
- At a local income tax rate of 3.8 per cent, a typical working family in England (assuming 2004-05 tax system, with one man and one woman each on average full time earnings, £29,890 a year and £21,635 a year respectively) would pay a LIT tax bill of £1,597, compared to an ‘average council tax’ bill of £967 (in 2004-05, for England). This would mean an **extra £630 a year**, an increase of 65 per cent.

Council tax is based on two adults sharing, with a discount for single occupiers, reflecting the use of local authority services. Yet under local income tax, in houses with more than two adults – e.g. a shared house – their total tax bills would soar. In the words of Liberal Democrats’ own Local Government Spokesman, ‘More people would pay local income tax than council tax’ (Lord Newby, *Lords Hansard*, col. 943, 9 February 2004).

Students, student nurses, apprentices and youth training trainees are exempt from council tax under the Local Government Finance Act 1992. The Local Government Act 2003 also removed their joint and several liability if they live in a house with non-students. Yet under Liberal Democrat plans, students who worked hard would pay local income tax. They note, ‘Q: Will students have to pay? A: Only if they are already paying income tax, e.g. earnings during holidays and so on’ (Liberal Democrats, *Labour’s unfair council tax: the facts*, September 2003). This would act as a disincentive for students to work in the holidays or part-time and increase student debt.

Local income tax does nothing to address the underlying causes of high council tax – fiddled funding from Whitehall. Local income tax would not address the fact that three-quarters of local authority expenditure is dependent on central government grant. Many councils would become more dependent, not less, on Whitehall funding under local income tax.

### #23 - Income tax – new regional rate

Like Labour, Liberal Democrats want to create a new tier of regional politicians. As their then Local Government Spokesman, Don Foster MP, has remarked, ‘no ifs, no buts; we back regional government’ (*Speech to Liberal Democrat Party Conference*, 20 September 2000).

Yet this would mean a new tier of regional taxation. As they have asserted, ‘Any system of regional government in England needs appropriate financing powers. Specifically regional government in England must have tax raising powers sufficient to effectively carry out its functions’ (Liberal Democrats, *Empowering the people: plans for strong regional government*, February 2002, p.26).

Labour support regional assemblies having a power to levy a regional council tax – as in London. By contrast, Liberal Democrats would fund them through a regional income tax.

- Their policy-making 2002 Spring Conference passed the motion that ‘people in each region must be given the chance to vote for their assembly to have income tax-varying powers’ and advocated, ‘the establishment of a federal system of national government by allowing regional assemblies, once established and running, to take on: ... Taxation powers’ (Liberal Democrats, *Policy motion: Creating regional government, ratified by Spring Conference*, 11 March 2002).
- They have stated, ‘we propose to give regions the freedom to raise revenue, for example, through regional variations to the NHS Contribution [National Insurance]... or by making changes to a regional income tax’ (Liberal Democrats, *Policy Checklist: Economy – Regional Tax Powers*, March 2004).
- In a *Guardian* online forum, the then Liberal Democrat Local Government Spokesman, Don Foster MP, was asked, ‘I understand the Liberal Democrats want to introduce a new local income tax. You also want regional assemblies in England. Will regional assemblies have tax-raising powers - like Scotland, and if so will it be a regional income tax?’. He replied ‘Yes and yes’ (*Society Guardian*, ‘Don Foster MP online chat’, 14 February 2001, <http://talk.societyguardian.co.uk>).
- Asked in Parliament whether Liberal Democrats ‘advocate a regional income tax as well as a local income tax’, Ed Davey MP, their Local Government Spokesman, replied, ‘my party is very much against regional council tax precepting. We think it would be much fairer and more efficient if they money were obtained through the income tax system’ (*Hansard*, col. 1500, 11 February 2004).

Section 73(1) of the Scotland Act 1998 gives the Scottish Parliament the power to vary the basic rate of income tax by up to three pence in the pound. Since the Liberal Democrats say they want regional assemblies to have tax-varying powers ‘like Scotland’, if regional assemblies were given such powers and chose to use them, the basic rate of income tax could rise by up to 3 per cent.

A 3 per cent regional income tax, if levied on the basic rate in 2004-05, would cost someone on average male full-time earnings £694 a year and someone on average female full-time earnings £446 a year. A typical two-earner family would therefore be **£1,140 a year worse off**, even before local income tax was levied.

#### #24 - Income tax – new Welsh rate

Liberal Democrats would also give the Welsh Assembly tax-raising powers. They have advocated, ‘measures to give primary legislative and tax-varying powers to the National Assembly for Wales, re-establishing the Assembly as a Welsh Senedd with powers equal to those of the Scottish Parliament’ (Liberal Democrats, *Free, Fair, Green: Alternative Queen’s Speech*, November 2003, p.7).

#### #25 - Income tax – new 50 per cent national rate

Liberal Democrats’ plans for local and regional income taxes would be on top of their plans for a top band for national income tax of 50 per cent (for incomes over £100,000, raising £4.7 billion a year, source: Liberal Democrats, *Alternative Budget*, March 2004, p.3).

The higher rate of income tax (2004-05) kicks in at income above £36,145. Hence someone earning £100,000 a year would see a tax hike of **£6,386** under the plans.

## #26 - Landfill and waste tax

Liberal Democrats want to increase the rate of landfill tax and widen its base. They have called for ‘the policy to gradually increase the landfill tax to encourage alternative methods of disposal’ and ‘reform the current landfill tax to include taxation of a wider range of waste disposal’ (Liberal Democrats, *Rural Futures*, Policy Paper 52, August 2002, pp. 49-50).

Yet higher taxes for waste increase the cost of rubbish disposal for businesses and local authorities – and so would be a tax on firms and feed through to higher council taxes. By contrast, when the landfill tax was originally introduced, it was offset by a reduction in National Insurance contributions for employers; by contrast, the Labour Government have increased landfill tax without any offsetting tax cuts elsewhere; Liberal Democrats would increase it even further,

In addition, they have stated that regional assemblies should be allowed to increase landfill tax even more – ‘if environmental protection is taken over [by a regional assembly], the regional [assembly] will also take over the landfill tax within its area’ (Liberal Democrats, *Empowering the People: Plans for Strong Regional Government*, February 2002, p.26).

## #27 - Multinationals tax

Liberal Democrats would seek to increase the taxation of multinational companies, risking such companies relocating their businesses abroad. They would, ‘support moves to curb intra-company transfer pricing, where it is used by TNCs [transnational corporations] to limit tax liability’ (Liberal Democrats, *Wealth for the World: Policies on International Trade and Investment*, Policy Paper 65, June 2004, p.25).

## #28 - National Insurance

Liberal Democrats supported Labour’s increases in National Insurance. They have stated they would ‘guarantee April’s National Insurance rise’ (Liberal Democrats, *Invest in Change*, 26 February 2003, p.3).

Yet in addition, they would allow regional politicians to increase National Insurance contributions further – ‘NICs may easily be devolved to regional governments... English regional governments would be able to use all the money that increase raises in their region’ (Liberal Democrats, *Quality Innovation Choice*, ratified by their Party Conference on 25 September 2002, p.49) and ‘Regional Assemblies... would also be able to vary NHS [National Insurance] Contribution rates on employees’ (ibid., p.56).

As a means of trying to introduce their policy of a top rate of income tax of 50 per cent, during the National Insurance Contributions Bill 2002 they moved amendments introducing ‘a 10 per cent National Insurance contribution rate above the current upper earnings limit - indeed, above earnings of £100,000 a year’ (Evan Harris MP, then Liberal Democrat Health Spokesman, *Hansard*, col. 615, 10 June 2002).

## #29 - Northern Ireland taxes

No part of the United Kingdom would escape Liberal Democrats’ plans for higher taxes. Liberal Democrats would give the Northern Ireland Assembly powers to raise income tax, National Insurance contributions and corporation taxes, on top of any UK-wide changes.

They ‘would put the Northern Ireland Assembly on a similar footing as the Scottish Parliament in respect of income tax. The Assembly could also vary the rate of our proposal NHS Contribution [Liberal Democrats’ renamed National Insurance contributions]’ (Liberal Democrats, *Northern Ireland*, Policy Briefing 44, February 2004) and ‘extend tax-varying powers to the Northern Ireland Assembly for both income tax and corporation tax’ (Liberal Democrats, *Reinvigorating Democracy*, Policy Briefing 43, February 2004).

### #30 - Overseas tax

Liberal Democrats would seek to impose new taxes on British subjects overseas on the grounds that they set their taxes too low – which they slam as ‘harmful’ tax competition. They assert that they ‘Would go further than the OECD, in supporting UN moves to reduce harmful tax competition itself [and] concentrate particularly on the tax havens in British overseas territories, such as the Cayman Islands’ (Liberal Democrats, *Wealth for the World: Policies on International Trade and Investment*, Policy Paper 65, June 2004, p.13-14).

This raises the spectre of new taxes, directly or indirectly, on areas like Gibraltar (who have votes in European Parliamentary elections).

### #31 - Parking taxes – on business

Liberal Democrats want to introduce new taxes on parking at work.

- ‘We will enable local authorities to... establish congestion charging and private non-residential parking taxes (including out-of-town retail and workplace parking)’ (Liberal Democrats, *Transport for People*, Policy Paper 46, August 2001, p.20).
- ‘Allow local authorities to establish private non-residential parking levies (including out-of-town retail and workplace parking)’ (Liberal Democrats, *Policies for Transport*, Policy Briefing 24, March 2003).
- ‘Establish congestion charging and private non-residential parking taxes (including out-of-town retail and workplace parking)’ (Liberal Democrats, *A Better Environment, A Better Life: Liberal Democrat Policies for the Environment*, November 2003, p.5).
- They would also allow regional assemblies to introduce ‘regional transport strategies’, including imposing ‘workplace car park charging’ (Liberal Democrats, *Quality, Innovation, Choice*, ratified by their Party Conference on 25 September 2002, p.29).
- In Scotland, Scottish Liberal Democrats also support such parking taxes. ‘Local authorities should be empowered to impose a charge on parking space provision’ (*Policy motion passed at Scottish Liberal Democrat conference*, Autumn 2000).

In Labour-run Nottingham, their planned workplace parking taxes are being set at the rate of **£150 per space per year** – taxes that many businesses will just pass on to employers and shoppers.

### #32 - Parking taxes – to shop

Liberal Democrats also want new taxes on parking to shop and at leisure facilities. They would:

- Impose ‘a realistic tax on all car parking spaces could contribute to town centre regeneration by ensuring out of town parking paid its due’ (Liberal Democrats, *Hungry for Change: Spokesperson’s paper on food policy*, June 2004, p.22).
- ‘Allow local authorities to establish private non-residential parking levies (including out-of-town retail and workplace parking)’ (Liberal Democrats, *Policies for Transport*, Policy Briefing 24, March 2003).
- ‘Enable local authorities to... establish congestion charging and private non-residential parking taxes (including out-of-town retail and workplace parking)’ (Liberal Democrats, *Transport for People*, Policy Paper 46, August 2001, p.20).
- ‘Extend workplace charging to out of town retailers and leisure facilities’ (Liberal Democrats, *Policy Checklist: Transport - Urban Congestion/Workplace Parking Charging*, April 2001).
- ‘Reform the taxation of private non-residential parking: Parking spaces should be rated separately for business rate purposes, with higher rates’ (Liberal Democrats, *Our Skies: Policies on Air Transport and Airports*, September 1997, p.16).

New taxes on existing retail developments would be nothing less than a stealth tax on shoppers. Local businesses in high streets would close down as a result and jobs would be lost, and life would be made more difficult for local shoppers and visitors. Out-of-town shops will just pass these new costs in the form of higher prices.

### #33 - Parking taxes – on tourists

Liberal Democrats would also hike up car parking charges during the holiday season to tax tourists – discouraging people from taking holidays in Britain. They call for ‘seasonal car parking charges to encourage spreading the peak and growing off-season visits’ (Liberal Democrats, *Rural Futures*, Policy Paper 52, August 2002, p.30).

### #34 - Pensions tax

Liberal Democrats have suggested that tax relief on private pensions for higher taxpayers should be reduced or abolished. This would mean that many hard-working people could get taxed up to 40 per cent on their pension contributions (or more, given their plans for local and regional income tax, and their 50 per cent national top rate). This would discourage people saving for security in retirement, and amount to a £6 billion raid on people’s dwindling pension pots. The elderly would receive smaller private and occupational pensions as a result.

Liberal Democrats note, ‘at the moment tax relief is available for pension saving, as an incentive for people to save more, and to reward those who are saving. Therefore contributions to a pension fund attract tax relief at the person’s top marginal tax rate at the time they are paid in, investment returns are tax-free, and when the pension is withdrawn it is taxed at the person’s marginal rate at that time... At present more than half the money spent on tax relief for pension contributions goes towards just 2.5 million higher rate tax-payers. This fails to give the most help to those who most need it... We would encourage the Independent Pensions Authority to review tax reliefs to find a fairer system’ (Liberal Democrats, *Dignity and Security in Retirement*, Policy Paper 67, August 2004, p.24).

Indeed, Vincent Cable MP, the Liberal Democrat Treasury Spokesman, has explicitly advocated, ‘upper income earners should pay more... [such as via] a loss of a variety of tax reliefs and allowances, which often favour those on higher incomes’ (‘Liberal Democrats and social justice’, *The Orange Book*, 2004, p.170).

A GP registrar with three years’ experience can expect to earn £46,009 in 2004 (source: NHS Careers website). If this doctor were making a pension contribution of 5 per cent, the loss of tax relief at 40 per cent would mean **£920 a year** in higher tax.

### #35 - Pesticide tax

Liberal Democrats would introduce a pesticide tax that would force up farmers’ costs. These, in turn, would be passed on to consumers via higher food bills. They assert ‘we would introduce a non-punitive pesticide tax as a flat-value levy on synthetic pesticides’ (Liberal Democrats, *Rural Futures*, Policy Paper 52, August 2002, p. 38).

### #36 - Plastic bag tax

Liberal Democrats propose a tax on plastic bags; this would be a direct tax on all shoppers, particularly those doing supermarket shopping. Their policy states, ‘that a plastic bag environmental levy of 10p per bag should be charged for every plastic bag distributed to a customer, the shop being responsible for charging and collecting the levy’ (Liberal Democrats, *Policy motion: plastic bag environmental levy*, ratified at Liberal Democrat Spring Conference, 20 March 2004).

If a typical family were to buy 15 bags in the course of a week, including their weekly supermarket shop, this alone would represent an increase in tax of **£78 a year** from their take-home pay.

### #37 - Road taxes

Liberal Democrats support the introduction of new taxes on drivers in the form of congestion taxes and road pricing, without any reduction in fuel or duty taxes.

- They have advocated a ‘Transport Charging and Management Bill... allow local authorities to use congestion charges and private non-residential parking...and put in place the framework to introduce road charging based on distance’ (Liberal Democrats, *Free, Fair, Green: Alternative Queen’s Speech*, November 2003, p.12).
- They would ‘enable local authorities to introduce urban road pricing schemes’ (Liberal Democrats, *Reclaiming the City*, Policy Briefing 27, February 2004).
- Tom Brake MP, then Liberal Democrat Spokesman for Transport, called for congestion charging across the country. ‘Congestion charging looks like it will be a success. The Government must provide leadership so that other local authorities considering introducing a similar system can proceed with the backing of the Government’ (*Press Association*, 24 February 2003). He has added, ‘we welcome road congestion charging’ (*Hansard*, col. 1183, 9 July 2003).

- His colleague, Don Foster MP, then Senior Transport Spokesman, asserted in a press release entitled ‘Congestion charging success should be rolled out across UK’ that ‘Ministers must work with councils across Britain to identify congestion hotspots and introduce similar schemes’ (*Liberal Democrat Press Release*, 19 August 2003).
- This would involve extra costs for motorists. As their Transport Spokesman, John Thurso MP, has admitted, ‘those who have access to good public transport can and should be expected to pay more for choosing to use their cars’ (*Liberal Democrat Press Release*, 15 October 2003).

Liberal Democrats would also allow regional assemblies to levy these new taxes, imposing them irrespective of the wishes of local communities and local councilors. Liberal Democrats want regional assemblies to develop ‘regional transport strategies’ which could involve ‘the strategic co-ordination of congestion charging, workplace car park charging’ (Liberal Democrats, *Quality, Innovation, Choice*, ratified by their Party Conference on 25 September 2002, p.29). This would mean, as in London, the regional assembly could impose these new taxes irrespective of the wishes of local councils. In London, the tax is currently **£5 per car per day**.

In Scotland, Scottish Liberal Democrats similarly support such tolls. ‘Local authorities should continue to have the option of local congestion charging’ (*Policy motion passed at Scottish Liberal Democrat conference*, Autumn 2000).

### #38 - Speed camera tax

Liberal Democrats 2003 Party Conference passed a policy motion calling for ‘steps to be taken to... promote the further use of speed cameras’ (Liberal Democrats, *Policy Motion: Safer Roads and Streets for All*, 24 September 2003). The extension of ‘cash cameras’ is another element of the Liberal Democrat war against the motorist. The fixed penalty ticket for speeding is currently **£60**.

Support amongst motorists for speed cameras is on the wane. This is because of the understandable perception that they are being used not for road safety but merely to raise money for the Treasury from fines.

### #39 - Tobacco tax

It is long-standing Liberal Democrat policy to increase taxation on tobacco and smokers. It is questionable whether such extra taxation would raise much revenue, as it would just encourage greater smuggling.

- ‘I want to put on the record that the Liberal Democrats remain in favour of the Government's policy of increasing excise duty on tobacco products’ (Ed Davey MP, *Hansard, Finance Bill Standing Committee F*, 14 May 2002, col. 12).
- Their 2001 general election policy was ‘putting 10p on the cost of a packet of cigarettes’ (*The Guardian*, ‘Liberal Democrats on health: Tobacco taxes will balance the books’, 8 May 2001).
- ‘Increasing duty by 10p on a packet of 20 cigarettes’ (Liberal Democrats, *A Clean Bill of Health: Health Policies*, Policy Briefing 20, April 2000).
- ‘Reduce ill health... by putting 10p on the cost of a packet of cigarettes’ (Liberal Democrats, *Freedom in a Liberal Society*, 2000, p.6).

- ‘We will ban tobacco advertising and promotion and increase the duty on tobacco products’ (Liberal Democrats, *Make the Difference*, Liberal Democrat General Election Manifesto 1997).

A twenty a day smoker would pay an extra **£37 a year** in tax as a result.

#### #40 - Training tax

Liberal Democrats want to introduce a new tax on businesses to pay for their employment policies, increasing costs for employers. They assert, ‘we will also legislate to empower National Training Organisations to conduct a ballot of member employees to enable industries to introduce a sector training levy’ (Liberal Democrats, *Working for Success*, Policy Paper 43, August 2000, p.5).

#### #41 - VAT on airline flights

In addition to their plans for aviation fuel tax and a more costly version of airport departure tax, Liberal Democrats are also considering adding VAT on domestic flights. They note, ‘VAT is not currently charged on the price of a ticket for public transport. Airline tickets are therefore exempt from VAT, as are bus, tram, tube, coach and rail tickets. The imposition of VAT on airline tickets would reduce demand’ and suggest that ‘an exception be made in the case of aviation to Liberal Democrat policy of no VAT on public transport’ (Liberal Democrats, *Aviation Consultation Paper*, August 2004, p.15-16).

For example, a business class ticket from London to Edinburgh, costing £330, would see a price hike of **£58**.

#### #42 - VAT on new homes

Liberal Democrats advocate ‘equalising, on a revenue neutral basis, VAT on new housing build and renovation’ (*Alternative Budget*, 8 March 2002, p.24). This means Liberal Democrats want VAT to be levied at between 5 and 7 per cent on all new homes.

In their own words, ‘this would make the initial cost of a new-built home more’ (Liberal Democrats Whips Office, internal briefing document, *Focus on the Liberal Democrats*, 15 April 2002).

The sale price of the average new property in the UK was £155,841 in Q2 2004 (Source: *Halifax House Price Index*). Thus imposing VAT at 7 per cent would impose a tax of **£11,000** on the seller. This could easily be passed straight on to the purchaser, and/or result in the specifications of the house being cut back.

Liberal Democrats claim that such a tax would affect few people – yet new properties account for 11 per cent of all property sales, particularly first-time buyers (*Halifax Press Release*, 26 June 2002). This tax will just make housing less affordable and is a stealth tax on homeowners, especially those on lower incomes.

It will not protect green field sites. The tax does nothing to stop over-development or the wrong houses being built in the wrong places. In fact, the tax could act as an incentive for developers to build higher-profit, new executive homes rather than lower-margin, new affordable housing.

### #43 - Water companies tax

Liberal Democrats want to levy a 2 per cent tax on water companies' profits (Liberal Democrats, *Policy Briefing 4*, February 2001). They attempt to disguise the nature of the tax by 'establishing a new, independent trust fund (paid for by the water companies)' (Liberal Democrats, *Water, Policy Briefing 5*, February 2004). Water companies would simply pass this on to customers in the form of higher prices, or they would have to cut investment.

The operating profit of water companies in England & Wales is £2 billion a year (Source: OFWAT, *Financial performance and expenditure of the water companies in England and Wales: 2002-2003*, August 2003). A 2 per cent levy on water companies' profits would therefore entail a stealth tax of over **£40 million a year**.

In addition, Liberal Democrat want water rates to be based on council tax bands (Liberal Democrats, *Policy Briefing 4*, February 2001); this will mean higher water bills for countless households – especially those in the South and London whose council tax bandings are higher due to more expensive house prices.

### #44 - Water meter tax

Liberal Democrats would force all households to have a water meter installed, meaning higher bills for many households. Norman Baker, the Liberal Democrat Environment Spokesman, has called for compulsory water meters (*BBC Radio 4 Today* programme / *BBC News Online*, 9 August 2003). Yet with compulsory metering, householders watering their lawn, washing their car, or simply with an active family, would see even higher costs because of their larger water usage.

Watervoice, the independent body representing consumers, has advised that, regarding metering, 'any financial benefits depend on how much you pay now, the number of occupants in the property and how much water you use. Generally speaking large families may be worse off' (Watervoice website, August 2003). In addition, the water regulator, OFWAT, allows water companies to levy extra charges to reflect the higher costs of running a metered service. The 'tariff differential' is **£34** for 2003-04 (OFWAT, *Tariff Structure and charges: 2003-04 report*, May 2003, p.34). Extra charges for high water usage would be in addition.

Households should have a choice on whether to have a meter, rather than being forced to by politicians.

### #45 - Zoo tax

Liberal Democrats would force all zoos to apply for a licence. They maintain, 'Liberal Democrats will require all establishments falling under the definition of a "zoo" to be licensed' (Liberal Democrats, *Respecting All Animals*, Policy Paper 61, July 2003, p.19).

Licence regimes currently in operation require a charge for the licence to reflect the administration costs. Thus in effect, the zoos would face higher costs – and it would become an effective zoo tax.

## Examples of Liberal Democrat spending commitments

The list below is by no means comprehensive, but illustrates 100 example Liberal Democrat spending commitments, listed in documents available on their website.

- 1) Abolish tuition fees and reintroducing maintenance grants (costed in the *2004 Alternative Budget* at £2 billion, now £1.2 billion in *2004 Pre-Manifesto*).
- 2) Free personal care for the elderly (previously costed at ‘up to’ £1 billion in 2004 Alternative Budget but would also be funded by ‘spare’ funding from the general NHS budget, and now includes care for disabled people, increasing the cost to ‘up to’ £1.4 billion in the *Pre-Manifesto*).
- 3) Increased central funding to facilitate the introduction of local income tax (costed in *2004 Alternative Budget* at £1.7 billion).
- 4) Free dental and eye check-ups (Liberal Democrat Policy Briefing, *A Clean Bill of Health*, February 2004).
- 5) Extending housing and income support benefits to sixteen and seventeen year olds (Liberal Democrat Policy Briefing 24, *An Inclusive Society*, February 2004).
- 6) Increasing benefit payments to those aged under 25 (Liberal Democrat Policy Briefing 24, *An Inclusive Society*, February 2004).
- 7) Raising age-related personal tax allowances (Notices of amendments given on 1 July 2004, Finance Bill). This has been costed at £2.44 billion (using *Tax Ready Reckoner*, HM Treasury, December 2003).
- 8) End prescription charges (Liberal Democrat Policy Briefing, *A Clean Bill of Health*, February 2004).
- 9) Early Years’ Education (replacing Child Trust Fund) (Liberal Democrats, *Alternative Budget 2004*).
- 10) Early Years’ specialists (Liberal Democrat Policy Briefing 8, *Foundation for the Future*, February 2004).
- 11) More funding for playgrounds (Liberal Democrat Policy Briefing 8, *Foundation for the Future*, February 2004).
- 12) Pay trainee teachers ‘full training salary’ (Liberal Democrat Policy Briefing 8, *Foundation for the Future*, February 2004).
- 13) Fund extra teachers and cut class sizes (Liberal Democrat Policy Briefing 8, *Foundation for the Future*, February 2004).
- 14) Fund a schools’ building programme (Liberal Democrat Policy Briefing 8, *Foundation for the Future*, February 2004).
- 15) Cut business rates on small business (Liberal Democrat Policy Briefing 2, *Building for the Long-Term*, February 2004).
- 16) Create Department of Consumer Protection and Enterprise (Liberal Democrat Policy Briefing 2, *Building for the Long-Term*, February 2004).
- 17) Establish Ministry for Deregulation (Liberal Democrat Policy Briefing 3, *Freedom to Create Wealth*, February 2004).
- 18) Increase the Science budget (Liberal Democrat Policy Briefing 7, *Support for Science and Innovation*, February 2004).

- 19) Increase funding for ICT and science, and offer training in ICT skills for all school and university students (Liberal Democrat Policy Briefing 7, *Support for Science and Innovation*, February 2004).
- 20) Broaden management training, including government scholarships for engineers to do MBAs (Liberal Democrat Policy Briefing 7, *Support for Science and Innovation*, February 2004).
- 21) Establish Humanities Research Council (Liberal Democrat Policy Briefing 7, *Support for Science and Innovation*, February 2004).
- 22) Establish regional technology transfer centres (Liberal Democrat Policy Briefing 7, *Support for Science and Innovation*, February 2004).
- 23) Ensure access to broadband communication for every person in the country (Liberal Democrat Policy Briefing 7, *Support for Science and Innovation*, February 2004).
- 24) Funding for any adult to attain Level 3, and offer them student loans depending on their income (A level) equivalents (Liberal Democrat Policy Briefing 9, *Extending Life-long Learning*, February 2004).
- 25) All people with Level 3 qualification to be allowed access to free first university-level degree, offering students loans and/or grants depending on income (Liberal Democrat Policy Briefing 9, *Extending Life-long Learning*, February 2004).
- 26) Incentives for small and medium-sized enterprises to improve training (Liberal Democrat Policy Briefing 9, *Extending Life-long Learning*, February 2004).
- 27) Provide DfES funding for employers to found Guilds or Chartered Institutes (Liberal Democrat Policy Briefing 9, *Extending Life-long Learning*, February 2004).
- 28) New, higher pay structure for further education lecturers (Liberal Democrat Policy Briefing 9, *Extending Life-long Learning*, February 2004).
- 29) Tripling incentive payments for under-represented groups in further education (Liberal Democrat Policy Briefing 9, *Extending Life-long Learning*, February 2004).
- 30) Increase unit of resource (per student funding) for universities (Liberal Democrat Policy Briefing 9, *Extending Life-long Learning*, February 2004).
- 31) Electronic Personal Health Plans and Personal Care Plans (Liberal Democrat Policy Briefing 11, *Quality, Innovation, Choice*, February 2004).
- 32) Funding school pupils according to their individual needs (Liberal Democrat Policy Briefing 11, *Quality, Innovation, Choice*, February 2004).
- 33) Allow regional authorities the freedom to agree and implement local pay agreements for public service workers (Liberal Democrat Policy Briefing 11, *Quality, Innovation, Choice*, February 2004).
- 34) Respite and training for carers (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).
- 35) Create Commission for Care Standards and Inspection (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).
- 36) Disability awareness training for 'people outside the social care field' (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).
- 37) Increase government social care funding (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).

- 38) Extend basic state pension to all pensioners, regardless of contributions (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).
- 39) More funding for those on Disability Benefit, relax rules on how long they can work before losing benefits (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).
- 40) Winter Fuel payments for severely disabled people (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).
- 41) Increase Carer's Allowance (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).
- 42) More respite care (Liberal Democrat Policy Briefing 13, *Promoting Independence, Protecting Individuals*, February 2004).
- 43) Extend government programmes subsidising home insulation (Liberal Democrat Policy Briefing 12, *Putting Patients First*, February 2004).
- 44) Incentives to switch to less polluting cars and increase air monitoring sites (Liberal Democrat Policy Briefing 12, *Putting Patients First*, February 2004).
- 45) Establish Drugs Commission (Liberal Democrat Policy Briefing 16, *Honesty, Realism, Responsibility*, February 2004).
- 46) Develop and extend use of drug treatment centres (Liberal Democrat Policy Briefing 16, *Honesty, Realism, Responsibility*, February 2004).
- 47) Set up an agency for trafficked people (Liberal Democrat Policy Briefing 23, *Confronting Prostitution*, February 2004).
- 48) Increase sexual health funding (Liberal Democrat Policy Briefing 23, *Confronting Prostitution*, February 2004).
- 49) 10,000 more police (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 50) More doctors and nurses (no numbers given) (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 51) Scrap benefit sanctions on those who cheat the system (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 52) Establish an Animal Protection Commission (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 53) Extend out of hours programmes in secondary schools, with trained counsellors and careers advisers on hand (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 54) Free off-peak travel for disabled and pensioners (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 55) Independent BBC regulator (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 56) Independent fiscal scrutiny body (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).

- 57) Increase aid spending to 0.7 per cent of GDP within two Parliaments and then increase it further (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 58) Fund developing countries to be represented in trade talks (Liberal Democrat Pre-Election Manifesto, *Freedom, Fairness, Truth*, September 2004).
- 59) Review body to investigate and rule on immigration complaints (Liberal Democrat Policy Briefing 18, *Havens of Hope*, February 2004).
- 60) Introduce increased benefits for asylum seekers (Liberal Democrat Policy Briefing 18, *Havens of Hope*, February 2004).
- 61) 'Adequately compensate local services for the cost of supporting asylum seekers' (Liberal Democrat Policy Briefing 18, *Havens of Hope*, February 2004).
- 62) Increase backing for development of AIDS vaccine and support for AIDS education programmes (Liberal Democrat Policy Briefing 36, *A World of Opportunity*, February 2004).
- 63) 'Strengthening' of the UN's finances (Liberal Democrat Policy Briefing 38, *Reform of the United Nations*, February 2004).
- 64) Increase pay for Armed Forces (Liberal Democrat Policy Briefing 40, *Defending Democracy*, February 2004).
- 65) Improve services families' welfare and conditions (Liberal Democrat Policy Briefing 40, *Defending Democracy*, February 2004).
- 66) Extend pension benefits to unmarried partners of armed forces personnel (Liberal Democrat Policy Briefing 40, *Defending Democracy*, February 2004).
- 67) Establish Independent Pensions Authority (Liberal Democrat Briefing Paper 14, *The Age of Opportunity*, February 2004).
- 68) Abolish upper capital limit on savings when calculating pensioners' entitlements (minimum income guarantee) (Liberal Democrat Briefing Paper 14, *The Age of Opportunity*, February 2004).
- 69) Reduce rents for council and social housing tenants (Liberal Democrat Policy Briefing 26, *A Home of Your Own*, February 2004).
- 70) Cover mortgage payments for people on Income Support (Liberal Democrat Policy Briefing 26, *A Home of Your Own*, February 2004).
- 71) Reduce VAT on energy-saving materials to five per cent (Liberal Democrat Policy Briefing 26, *A Home of Your Own*, February 2004).
- 72) 'Create a comprehensive network of community councils within cities' like parish councils (Liberal Democrat Policy Briefing 27, *Reclaiming the City*, February 2004).
- 73) Provide finance and assistance 'for a broad range of local and community organisations' (Liberal Democrat Policy Briefing 27, *Reclaiming the City*, February 2004).
- 74) Provide assistance to new and expanding business (Liberal Democrat Policy Briefing 27, *Reclaiming the City*, February 2004).
- 75) Clean up and redevelop urban centres (Liberal Democrat Policy Briefing 27, *Reclaiming the City*, February 2004).
- 76) Increase government funding for development of alternatives to the use of animals in experiments (Liberal Democrat Policy Briefing 32, *A Matter of Conscience*, February 2004).

- 77) More funding for small abattoirs (Liberal Democrat Policy Briefing 32, *A Matter of Conscience*, February 2004).
- 78) Extra support for farmers with high welfare standards (Liberal Democrat Policy Briefing 32, *A Matter of Conscience*, February 2004).
- 79) Provide government funding to protect natural habitats which are home to endangered species (Liberal Democrat Policy Briefing 32, *A Matter of Conscience*, February 2004).
- 80) Invest in rural regeneration and new enterprise in rural areas (Liberal Democrat Policy Briefing 30, *Rural Futures*, February 2004).
- 81) Fund an early retirement and new entrants' scheme for farmers (Liberal Democrat Policy Briefing 32, *A Matter of Conscience*, February 2004).
- 82) Establish Stakeholders' Forum on genetic modification of food (Liberal Democrat Policy Briefing 31, *Keeping the Balance*, February 2004).
- 83) State funding for political parties (*The Independent*, 3 March 2004 and Liberal Democrat submission to the Committee on Standards in Public Life, *The Funding of Political Parties in the United Kingdom* (1998), CM 4057-II, annex 16/218).
- 84) Increase number of referendums – 'seek popular consent for any fundamental constitutional changes [of which the Liberal Democrats want quite a few]' (Liberal Democrat Policy Briefing 42, *Cleaning up the Mess*, February 2004).
- 85) Increase public funding for the Arts, allowing affordable ticket prices (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 86) Encourage DfES, DoH, Home Office to consider employing 'underemployed' artists (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 87) Fund further artistic training throughout career from Regional Arts Boards (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 88) Funding for dancers to retrain after their careers are over (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 89) Reduce VAT on renovations and maintenance of listed buildings (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 90) Increase funding for libraries (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 91) Offering free internet access for all at libraries (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 92) Establish and maintain on-line digital archive of national art collections (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 93) Establish specific funds for 'touring and innovative' work in the arts (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 94) Investigate tax efficient schemes for private arts donors (Liberal Democrat Policy Briefing 45, *Valuing the Arts*, February 2004).
- 95) Establish UK Human Rights Commission (Liberal Democrat Policy Briefing 19, *A Fair Society*, February 2004).
- 96) Fund the implementation of the Macpherson Report (Liberal Democrat Policy Briefing 19, *A Fair Society*, February 2004).

- 97) Establish police hate crime investigation units (Liberal Democrat Policy Briefing 19, *A Fair Society*, February 2004).
- 98) Increase spending on midwifery services and preventive health services like screening (Liberal Democrat Policy Briefing 21, *Equal Citizens in a Fair Society*, February 2004).
- 99) Pay an additional £200 a year to all families with children who have been on income support for more than a year (Liberal Democrat Policy Briefing 24, *An Inclusive Society*, February 2004).
- 100) Fund additional training for nursery teachers (Liberal Democrat Policy Briefing 22, *The Building Blocks of Society*, February 2004).

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