

PROFESSOR GRIFFITHS - on return

c. Mr. Hamilton

I attach a note provided by the Adam Smith Institute on the Community Charge. The Prime Minister would be grateful for your views on the idea put forward at (b), that the collection of the Community Charge might be privatised.

MBA

(MARK ADDISON)

3 August 1987

## Adam Smith Institute views on the community charge.

### 1. Community charge

(a) The impact of the community charge is being unfairly compared with current rates as opposed to rates after revaluation, (last done in 1973). The Adam Smith Institute will commission chartered surveyors to perform a draft rating revaluation in selected areas of the country. The results should be released before mid-October.

(b) Collection of the community charge need not be as difficult or as expensive as some have suggested, (£500m in some estimates). Collection should be privatized. Private credit reference agencies already have most of the information needed on their computer systems, including the electoral register and every postal address in Britain. One such firm has a 97% match rate for people who request catalogues, etc. (I.e. they can correctly identify where 97% of the population live). This firm believes it could supervise and collect the community charge at a fraction of the £500m cost.

ASI will publish a short paper on this subject before October.

(c). Just as national privatization receipts are used to reduce income tax, receipts from the sale of local authority land should be used to reduce the community charge. So as not to benefit those councils which have irresponsibly hoarded land over the years, these funds should be gathered in a central pool and then distributed on the basis of population. Some estimates suggest that £200 billion could be raised from the sale of local authority land.

(d). The community charge should not be phased in. This will only cause confusion. Prompt enforcement of the compulsory tendering legislation will cause local expenditure to fall sharply as in Wandsworth.

