

Prosper Australia

Annual Report 2016 – 2017

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What we stand for

Our Values:

Land and natural resources are our common wealth

Everyone has an equal right to use and access land and natural resources. This is a basic and inalienable birthright, conferred by our ancestors and extended to future generations. Each of us inhabit this planet only briefly; we are equally dependent upon its support of our lives.

We add to the Earth's natural bounty — its ecosystems and mineral endowment — community created wealth. This civilization is a complex system of many, working to achieve individual freedom and happiness. Our cities and towns thrive where there is a multitude of complimentary activity. The value of land and natural resources is a financial reflection of this interconnectedness.

Community granted privileges should benefit everyone. Economic rents are the proper source of public finance

As we add prosperity, safety and health, the value of land in the most productive areas increases. This is not due to the efforts of any particular person. It reflects the abundance we create through our collective activities.

The right to use or possess land and natural resources is a privilege granted by the community. When government grants license to use scarce natural resources, to hold productive locations, protect intellectual property, or grant a monopoly in the production of a good or service, we enable private gain from community-created wealth. Further, public goods like roads and pipes increase the value of the land they serve and confer private benefit on holders.

The return to land and location, natural resources and monopoly, is economic rent. These rents are created in common — often by direct public subsidy — and are the proper source of public finance.

Earned incomes belong to the earner

The price of land reveals the value of the benefit to which *all* contributed and are entitled to share. This is distinct from the value we add as producers, which belongs to the possessor in individual right. The value of land is distinct from the value of bricks and mortar, the inspiration of the architect, or the skill of the builder.

Unlike economic rents, the gains to labour and enterprise arise from individual effort, to be privately enjoyed as the rightful property of the producer. In so far as everyone has access to land and natural resources, each of us is entitled to enjoy the results of our efforts.

Our Vision:

Progress *without* Poverty

We see an economic system where proper stewardship of the land gives access to citizens who will best use it. There is no need to tax enterprise, work or savings. Involuntary poverty disappears and the enormous common wealth we create elevates us further.

Our Mission:

Fair and Efficient revenue policy

To shift the tax burden from labour and capital to the economic rents in government-granted privileges.

Where we've come from

Celebrating 125 Years

Every year since 1892, Victorian land taxation reformers have gathered to honour the life and work of American philosopher Henry George.

Prosper Australia proudly upholds this tradition, with a gala dinner and address each September.

The Annual Henry George Commemorative Address has been delivered by a wide variety of thinkers and land tax champions from across the political spectrum.



125TH ANNUAL HENRY
GEORGE COMMEMORATIVE
DINNER AND ADDRESS

THURSDAY, 8 SEPTEMBER
2016

In 1907, it was the eloquent Max Hirsch, author of *Democracy vs. Socialism* - a rigorous critique of Marx's *Das Capital*.

In 1910, it was gramophone recordings of Lloyd George and Winston Churchill's 'The People's Budget'.

In 1915, Walter Burley Griffin outlined "The Present Crisis" which he said was the struggle between oligarchy and democracy. Arguably, not much has changed.

In 1922, it was the great illustrator and architect Marion Mahony Griffin, or Mrs. WB Griffin as announced in Progress Magazine (thankfully, we have made some... progress).

In 1960, it was Dr Jim Cairns MHR, who went on to become treasurer in the Whitlam government.

In 1996, it was "that leftist cleric" and former World Vision chief, Rev. Tim Costello.

In 2013, renowned economist Saul Eslake spoke of "50 years of Housing Failure".

In 2016, we marked 125 years. Prosper President Catherine Cashmore presented anew the utopian vision first outlined by Henry George that has inspired reformers for over a century: a culture of abundance. A culture in which we share the value of location and finite natural resources. A culture that rewards labour and ingenuity, and delivers decent living standards for all.

We were privileged to have the sharp-witted George Jukes over from South Australia at the dinner. George is now 97 years old, a lifelong Prosper member and former Henry George Foundation trustee.

What we are doing

Research Reports & Submissions:

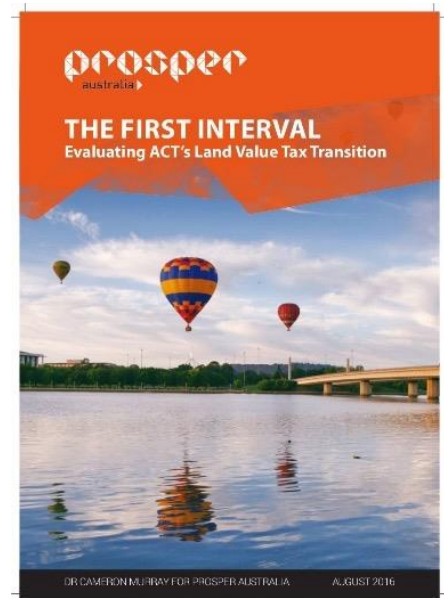
The First Interval: Evaluating ACT's Land Value Tax Transition

The Prosper Australia Research Institute commissioned Dr. Cameron Murray to examine the early benefits of ACT's 20-year transition to replace conveyancing stamp duty with land tax.

There is widespread bureaucratic and academic support for this tax shift. The report investigates the impacts of the ACT process – to embolden other states to copy this shining example.

Key findings:

- Increasing land tax rates appears to have deterred housing speculation
- Future land tax obligations are already fully capitalised into lower land prices
- Home buyers already save between \$1000 and \$2000 per year on mortgage costs
- New housing construction has remained strong
- Residential rental growth is at historical lows, benefiting renting households
- The distribution of land tax obligations between different types of land holders is the main political sensitivity



Commonwealth Inquiry into using Value Capture to help deliver major land transport infrastructure

The Department of Infrastructure and Regional Development's deep consideration of Value Capture has implications for Australia's entire economic framework and narrative. With this change, government moves from 'user pays' to 'beneficiary pays'. Land Value Capture was an important arena for advocacy and policy development in 2016-17, a fresh politico-economic trend set to continue and grow into the future.

Prosper's submission is at: www.prosper.org.au/2017/02/21/value-capture-verve/

Victoria's Local Government Act Review

Prosper's submission opposes the Victorian government obliging councils to move from Site Value rating (land) to Capital Improved Value (land and buildings), the capping of rates, service rates and charges, special rates, differential rates and minimum rates. We explain the economics and urge the ideals that ought to drive government policy.

Prosper's submission is at: www.prosper.org.au/2Tw

Commonwealth Review of the Petroleum Resource Rent Tax

Our submission, authored by Dr. Cameron Murray, advises that resource rents are theoretically sound, but political and bureaucratic weakness in the face of intense lobbying by oil and gas

extractors sorely compromise revenues and the tax's intentions. The submission highlights the political difficulties in reclaiming the public's rightful share of resource rents.

Prosper's submission is on the Treasury website:

<https://www.treasury.gov.au/~media/Treasury/Consultations%20and%20Reviews/Reviews%20and%20Inquiries/2016/Review%20of%20Petroleum%20Resource%20Rent%20Tax/Submissions/PDF/Prosper%20Australia.ashx>

Victorian Budget Submission

Prosper's submission to Victoria's budget process focused on the opportunities to reform State Land Tax. It reminds government of the harm bad taxes do and suggests changes, large and small, to improve the quality of our lives through sound economic policy.

Our Key priorities for the Victorian State Budget:

- Protect and expand State Land Tax
- Exchange Stamp Duty for Land Tax
- Dampen speculative demand in the housing market
- Restore Site Value Rating as the principal base for municipal rates
- Reform the Emergency Services Levy, Waterways Charge and Parks Charge into a 'State Rate'
- Capture the value of rezoning decisions
- Retain Victorian Land Titles Office in public ownership

Prosper's submission is at: www.prosper.org.au/2017/05/01/victorian-budget-submission/

Productivity Commission

The Productivity Commission called for fresh ideas to revitalise the economy and promote productivity – code for, we don't want re-statements of the narrow agendas of industry-funded lobby groups, thank you very much.

Our argument: privatization or corporatization of natural monopolies imposes pervasive cascading private tolls on production and consumption. For Australia to introduce a fresh dynamism into the national economy, we must oblige landholders and monopolists to put these assets to best use and capture the monopoly rents to fund government.

Prosper's submission is at: www.prosper.org.au/wp-content/uploads/2016/12/Productivity-Commission-Submission-final-1.pdf

Campaign against State Land Registry Privatisations

A disturbing trend emerged this year: state governments, left and right, began selling off their land title functions. Land is the single largest asset class in Australia and maintaining a central public register is a key reason why we have governments at all.

First, NSW passed the *Land and Property Information NSW (Authorised Transaction) Act 2016*. Prosper wrote to all NSW parliamentarians condemning the sell-off. Then South Australia caught the dis-governing disease, so we wrote to all South Australian MPs as well. Now, Victoria has decided to sell.

- Land holding in Australia is a legal contract between individuals and government – usually described as *The Crown* to emphasise its ultimate sovereignty.

- Registering who holds which land matters. Under the Torrens Title system, government guarantees title against fraud and abuse without limit. Privatisation abandons this protection.
- Privatisation threatens transparency. Making land titles opaque and therefore more risky will impose staggering costs on the victims of fraud - and upon lenders.
- A private provider will need to recover the cost of buying the registry plus their desired profit margin. This must, by definition, impose unnecessary costs on land holders.

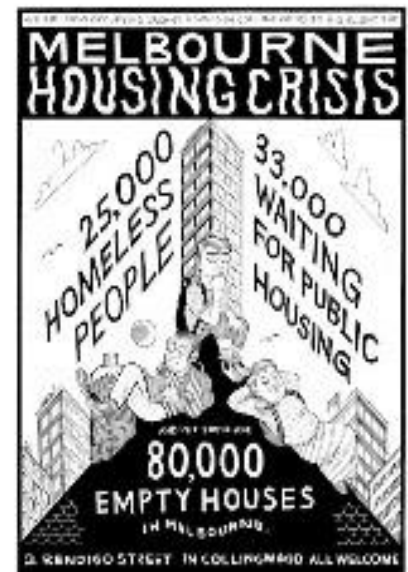
Speculative Vacancies: Changing the story of residential vacancies in Victoria

Speculative Vacancies Report

The Speculative Vacancies report began in 2007 as a photographic survey of vacant blocks in a single neighbourhood in the City of Maribyrnong. Volunteers cycled around the study area identifying and mapping vacant lots and houses.

The context was skyrocketing home prices and rents, and an “official” vacancy rate of 1.4%. The policy response consistently focused on supply constraints and boosting demand: the controversial Urban Growth Boundary, planning and construction bottlenecks, and cash incentives for first homebuyer.

Tens of thousands of hectares of land were rezoned on the urban fringe – without effect on land price inflation—in spite of concern over the social and environmental impacts of sprawl.



“There is no shortage of housing in Australia. Instead, the property market is failing.” – Speculative Vacancies Report, 2008

In 2008, Prosper approached City West Water on households using less than one third average consumption per day over the first 6 months of 2008. Anonymised water data offered a proxy measure for the number of vacancies in a given suburb. This methodology has been refined and expanded to all of Melbourne. The message is clear: there is no shortage of housing in Australia. Instead, the property market is failing.

Housing Affordability: Squatters, Students and Stunts

Prosper’s Speculative Vacancy Rate is now a widely cited statistic to counter the claim that the primary driver of Australia’s affordability crisis is a lack of supply. In fact, it is the only reliable vacancy data available beside the Census door-knock, which has technical statistical shortcomings.

Affordable housing providers, advocates for the homeless and housing activists widely cited “80,000 empty homes” to support their campaigns for far-reaching social and taxation reform. RMIT students organised an exhibition around the issues raised in *Speculative Vacancies*.

Report author Catherine Cashmore has been widely interviewed in the mainstream media, including Four Corners and the 7:30 Report. Prosper’s vacancy data has joined a burgeoning international evidence-base for the deleterious impact of global *rentier* finance in housing markets. It was also referenced by the United Nations in *The Financialisation of Housing*:
www.prosper.org.au/2017/03/06/report-insights-on-the-uns-financialisation-of-housing/

Residential Vacancy Tax

In March, the Victorian Government announced a 1% Residential Vacancy Tax, followed by a federal “ghost house tax”. Prosper was invited to participate in the design of the Victorian tax. While less than perfect, these residential vacancy taxes are a political response to widespread public discomfort at young adults excluded from home ownership. Genuine demand-side reform is now closer than ever.



Media & Engagement:

Prosper's message must get to citizens, thinkers and policy makers – otherwise we are simply talking to ourselves. Considerable effort goes into this outreach, adding Georgist perspectives and insights to the civic, economic and political debate.

Yet the media is in turmoil: the public authority and 'gatekeeper' status of commercial outlets – newspapers, television, radio – has been atomised as the internet spawns new digital communication channels. The quality of new media varies widely and individuals tend to cluster around outlets that reflect their existing beliefs and preferences.



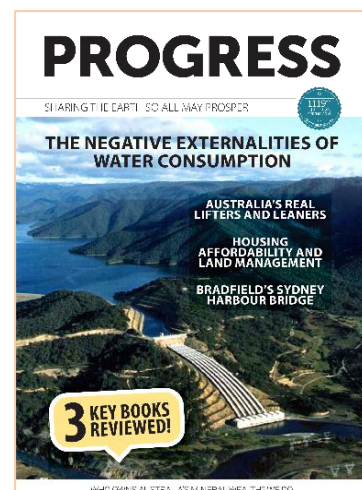
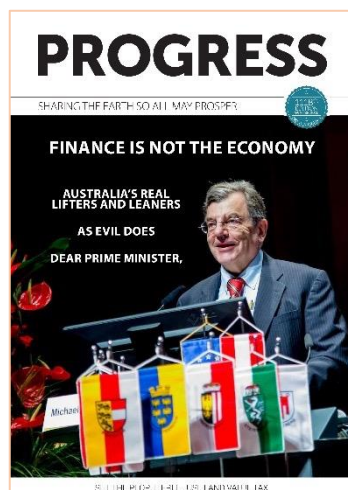
This disintermediated media landscape offers great opportunity for challenging ideas like ours that were previously just filtered out. Like-minded groups are influenced by our work. They link to and repost our material and we are only a few clicks from anywhere.

Prosper is alert to this emerging digital era. We publish directly to our website, reframe issues on social media and meanwhile continue our dialogue with journalists and commentators.

Progress Journal

First published in 1904, Progress remains an important platform to broadcast Prosper's message to our supporters and the wider public. This year we published three editions.

ProQuest have now licensed the Progress back catalogue for digital distribution through their historical archives. The arrangement with ProQuest allows researchers across the world access to all 1119 (and counting) editions of Progress.



Renegade Economists:

This year Karl Fitzgerald celebrates 10 years and 500 editions presenting the Renegade Economist on radio 3CR.

Members Events:

The Other Sydney Lockout

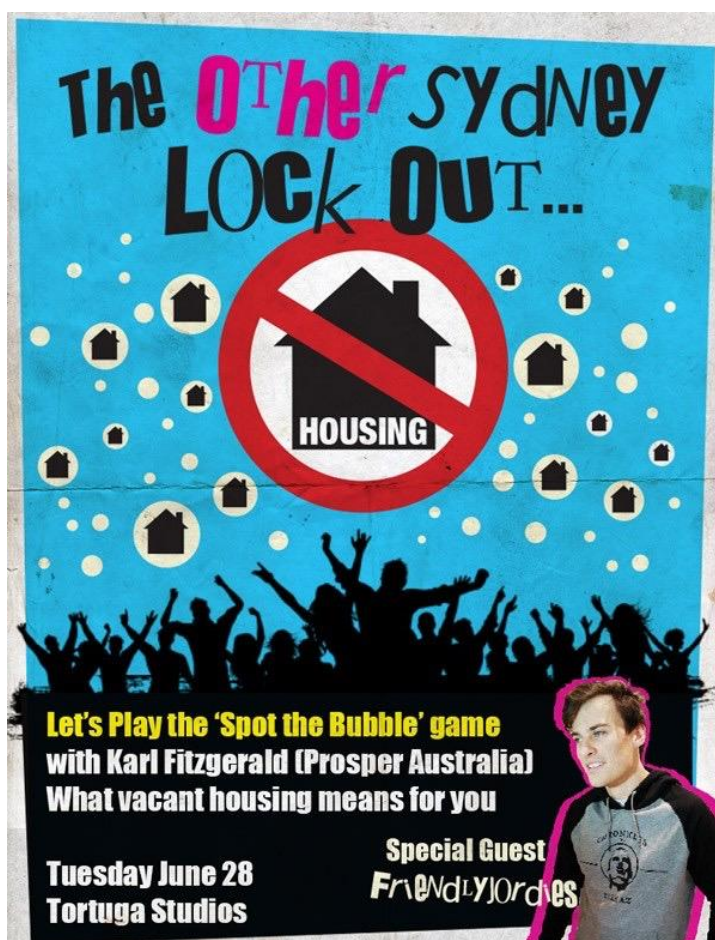
In the context of controversial nightclub lockout laws, Karl presented to a vibrant audience at Redfern's Tortuga Gallery. The subject was Sydney's real lockout: housing. With negative gearing and capital gains tax reform on the agenda in the 2016 Federal election, we took the opportunity to speak about policy to ameliorate the housing crisis. YouTube sensation [Friendly Jordies](#) was Master of Ceremonies.

Film night: I, Daniel Blake

An intimate evening for members and friends at the Lido Cinema in Hawthorn to see Ken Loach's challenging portrayal of the Thatcher era in the UK.

Introduction to Modern Monetary Theory

Jesse Hermans presented a two part introductory course on Modern Monetary Theory to a full house at Harcourt Street. MMT looks with fresh eyes at the supply of money: should banks create it through credit or government with fiat currency?



Who we are

Message from the Executive:

Prosper benefits from a solid legacy of ideas and material resources. As we unpacked our library at Harcourt St, we reflected on this intergenerational gift. Our library not only is a treasury of invaluable historical works, but we have a renewed emphasis on rebuilding our library with a wide selection of contemporary economic books. All members are encouraged to take advantage of our unique lending library, for which there is no charge.

Our studies are now respected and quoted. Through Speculative Vacancies in particular, the community is learning there is more to the high price of housing than supply and demand.

We focus on housing and urban development, because the issue is all around us - literally. The forces of *rentier* capitalism are transforming the Melbourne skyline, blocking out the sun. Many policy areas beg for attention — access to land, natural resource governance, labour markets, entrepreneurialism, and so on. Our supporters and donors are building Prosper's capacity to tackle these issues.

However, we are a small team facing many demands. The alarming trends in Australia's governance challenge us to direct our scant resources into the most effective areas. We cannot take on everything.

As Prosper evolves into the professional 'think-tank' it needs to be, we face challenges in human resources and management. Strategic planning is necessary and insights welcome. This year we are working with Richard Meredith a skilled communications expert to redevelop our website and smarten our message.

The principles of economic justice articulated by Henry George are all the more relevant in this era of urbanisation, globalisation, financialization, automation and environmental degradation. Against these problems, we come armed with solutions. This is our inheritance and our great opportunity.

Board of Executives:

The Prosper Australia Executive comprises twelve committed and passionate members. It sets our strategic direction and manages staff and volunteers. Executives must be Prosper members for at least two years before joining the board. Many have been members for decades; some have edited Progress, undertaken research and networking, are active on our social media platforms, or volunteer in the office and at events.

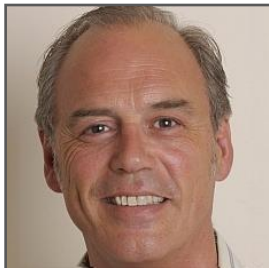
Members are warmly welcomed at our monthly meetings to discover ways of getting involved in the movement and perhaps joining the executive.

Staff:



Karl Fitzgerald

Projects Director and Director of Prosper Australia Research Institute. Karl initiates research and campaigns that highlight the opportunities for reform. Karl's weekly radio show, the Renegade Economist has been expounding alternative economics for ten years. Karl holds a Bachelor of Economics from Monash.



David Collyer

Policy Director David Collyer has been part of the Prosper team for over seven years. His writing and lobbying add a sorely needed Georgist perspective to Australia's national political and economic debate.



Emily Sims

Office and Memberships Manager. Emily holds a Bachelor of Arts (Political Science) from Monash, and is currently undertaking the Master's of Urban Planning at the University of Melbourne. She is passionate about the role of economic geography in social justice.



Richard Meredith

Richard adds deep communications expertise to the design and implementation of projects and Prosper's public positioning. His worldly perspective and strategic insights ground our ideals and enthusiasms.

Interns:



Jacob Shwartz-Lucas

This year we hosted our colleague Jacob Shwartz-Lucas from the Robert Schalkenback Foundation in New York. Jake manages and writes regularly for earthsharing.com and the US-based Progress magazine. Jake spent four weeks in the Prosper office, sharing knowledge and experiences across the Georgist movement, including replicating of the Speculative Vacancies study in the San Francisco Bay Area.



Varsha Mohinani

Varsha is an econometrics graduate of RMIT who assisted with the upcoming Renters Miss Out on the Cake report. She brought necessary statistical inference to lift the analysis. She also appeared on the Renegade Economists to discuss India's recent currency reforms.

What we're working with

Message from the Treasurer:

After a number of financially challenging years, I am pleased to report that Prosper Australia has experienced a strong rebound in its financial position.

The comparative Profit & Loss statements convey the overall turnaround clearly. Whereas for the previous year ending March 2016 Prosper suffered a deficit of \$38.7k, for the recent year ended March 2017 Prosper enjoyed a surplus of \$34.4k

The main reasons for the improved results are as follows:

- We have a home. The first floor of 64 Harcourt St has been fitted out to suit our diverse activities and is proving to be a productive working environment.
 - We upgraded several computers and purchased some minor office furnishings.
- Our tax-deductible research arm, PARI, now incurs much of our research costs, including data and commissions. These were previously borne by Prosper.
 - PARI also funds a proportion of staffing costs for project management.
 - In the last year, PARI raised over \$60k from donations. Previous year's donations only amounted to \$44k.
 - At year-end, PARI boasted a healthy \$58k bank balance.
- Karl Fitzgerald took long service leave after 15 years on the job! During his long service leave, Karl continued to produce the Renegade Economists radio show. His role was not filled during his absence. Consequently, Prosper's staffing costs fell by almost \$20k with a concomitant change in organisational output.

Karl Williams,
Prosper Aust. Hon Treasurer

Who is The Henry George Foundation of Australia?

1928 Dr Edgar Culley established the Henry George Foundation (Australia) with a donation of £1,000.

The money was to be "...used for the purpose of promulgating and spreading the knowledge of the teachings and economic principles of Henry George as elaborated by him in 'Progress and Poverty' and other of his works..."

Over the years, the HGFA has grown through bequests and donations from passionate supporters committed to achieving Henry George's vision for economic justice.

Today the HGFA carries on that mission by funding Prosper and other organisations around Australia

Prosper Australia Financial Year 2016 – 17

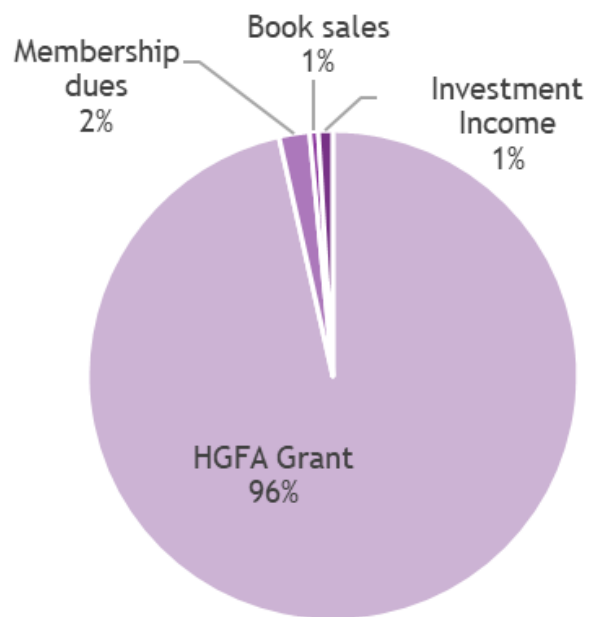
ANNUAL INCOME	
Henry George Foundation of Australia Grant	\$180,000.00
Henry George Foundation of Australia Grant - Progress	\$12,999.96
Membership dues	\$4,035.34
Book sales	\$1,140.90
Event tickets	\$158.08
Dividends & Interest	\$1,883.97
Other	\$607.74
Cost of Books Sold	-\$1223.59
Total Income	\$199,602.40

ANNUAL EXPENSES

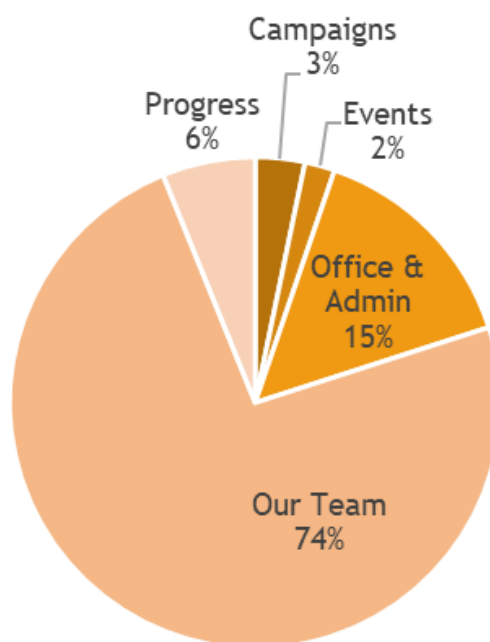
<i>Research and campaigns to drive social change</i>	
Renegade Economist on 3CR	\$2,263.64
Communications and Marketing	\$1,972.56
Research Reports	\$0.00
Conferences and coalition building	\$1,121.77
<i>Events</i>	
Henry George Dinner	\$1,649.56
Members Events	\$1,609.96
<i>Administrative costs & Overheads</i>	
Occupancy & fit out expenses	\$6,455.73
Finance & Banking	\$1,470.09
Office expenses	\$6,982.14

Office equipment	\$9,349.56
Misc.	\$74.62
<i>Our team (staff, interns and volunteer costs)</i>	\$121,442.20
<i>Progress Magazine</i>	
Progress production costs	\$10,080.44
Total Expense	\$164,472.27

Net Profit/(Loss)	\$35,130.13
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Annual Income



Annual Expenses

Prosper Australia Research Institute Financial Year 2016 – 17

ANNUAL INCOME	
Donations	\$60,194.50
Memberships	\$90.91
Donations	\$60,285.41

ANNUAL EXPENSES	
<i>Administration</i>	
Commissions and wages	\$11,205.00
Fundraising	\$490.00
Finance & Banking	\$67.80
<i>Research Reports</i>	
ACT Stamp Duty to Land Tax Report	\$8,910.03
GST Report	\$3,000.00
PPRT Submission	\$1,000.00
Data & Charts	\$5,000.00
Total Expense	\$29,672.83

Net Profit/(Loss)	\$30,612.58
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To join as a member or donate:

www.prosper.org.au

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