

An aerial photograph of Sydney, Australia, showing the harbour, the city skyline, and the Sydney Opera House. The water is a deep blue, and the city is densely packed with buildings. The Opera House is a prominent white structure on the water's edge. The harbour is filled with boats and ships. The city extends to the hills in the background.

2020 ANNUAL REPORT



ABOUT

WHO WE ARE

Prosper is an independent research institute working towards a fairer and more prosperous economy through our tax system.

We have everything we need. Our earth and the bold achievements we have attained together through human progress is more than enough to create a fair society where every person can benefit from our shared wealth to live fuller, happier, and safer lives.

Yet our society is at a crossroads. We are watching technology advance in leaps and bounds. Inequality is increasing and our earth's resources are being depleted by those who hold monopoly power. Many of us who contribute to the economy struggle to pay our bills. Meanwhile, others who hold property, and other exclusive rights to our natural resources profit from value they did not create.

At Prosper, we aim to hold up a light to the dark corners of our economic system that aren't working for the common good anymore. We talk to policymakers, politicians and the public about the elephant in every room: tax. We firmly believe that the value created by our community should be returned to us, instead of being funnelled into private fortunes. By properly capturing the rising value of land (and natural monopolies) through our tax system, we can reduce burdensome taxes on income and consumption that everyday families and businesses have to bear.

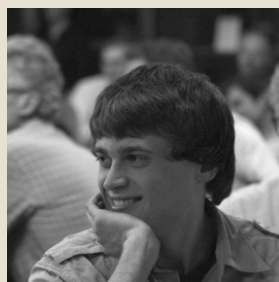
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ENGAGEMENT



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RESEARCH



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COMMUNICATIONS

BOARD



**CATHERINE
CASHMORE**
PRESIDENT



**RICHARD
MEREDITH**
SECRETARY



**JAMES
WEBSTER**
TREASURER

PRESIDENT'S REPORT

Prosper had a terrific year. Strategic work undertaken by the executive committee helped us better to prioritise our activities, focusing our limited resources and giving us the confidence to invest in talented staff and consultants. Funding an ongoing role for an experienced communications director has enabled us to leverage our research outputs and consolidate an organisational plan.

COVID19 has been a big disruption to our planned activities, particularly our planned launch of the Rezoning Windfalls discussion paper, and follow-up events for the Transforming Transit discussion paper. However, the crisis has allowed us to do some creative thinking with trusted consultants and produce a policy memo on lease renegotiations for state governments. The lock-down has seen our office working remotely, where we have been sharpening our pencils to bring forward our Tax Shift narrative project.



Catherine Cashmore
President



Catherine appearing on Profit Watch, in December 2019, explaining how the housing market would work better with a broad land tax

FLAGSHIP RESEARCH

STAMP DUTY TO LAND TAX: DESIGNING THE TRANSITION

Tim Helm

While most economists, bankers, productivity commissions and politicians agree that stamp duty should be replaced with land tax, the conventional wisdom is that the reform is too politically difficult to achieve.

Our research, which we engaged former Victorian Treasury economist Dr. Tim Helm, was undertaken with the explicit purpose of modelling transition mechanisms that will allow state governments to package the reform in a politically palatable manner.

There has been significant interest in the report from journalists at the AFR. Following the publication of the report, we contacted nearly one hundred stakeholders to share the research and continue our advocacy on this issue.

Tim presented his thinking to Victorian Treasury, the Productivity Commission, the Grattan Institute and at our launch event. Building on this work, we issued a policy and messaging memo to support State government politicians and stakeholders advocating for stamp duty reform.

2019

"It's not unpopular for good economic reasons. It's unpopular in my opinion for one simple reason: it's the only tax left on the books for which people have to write a big cheque!"
Milton Friedman

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STAMP DUTY TO LAND TAX

Designing the transition

A Report by Tim Helm



The transit transformation Australia needs

September 2019

Beneficiary funding as a natural and necessary evolution in mass transit planning, policy and delivery.

A discussion paper by Chris Hale Infra Strategy in partnership with Prosper Australia.

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Hale
Infrastructure - Transport - Economics - Policy

THE TRANSIT TRANSFORMATION AUSTRALIA NEEDS: BENEFICIARY FUNDING AS A NATURAL AND NECESSARY EVOLUTION IN MASS TRANSIT PLANNING, POLICY, AND DELIVERY

Chris Hale

This discussion paper builds on research for the Asian Development Bank in partnership with transit infrastructure strategist Dr. Chris Hale, adapting its recommendations for the Australian context.

The paper argues for value capture funding methods to be designed into the planning stage to support an orderly program of infrastructure development.

The paper was launched in partnership with the University of Sydney TransportLab in late November with a panel of notable industry leaders. It received positive feedback from NSW Department of Premier and Cabinet, the Planning Institute of Australia and others.

The research also formed the basis for our submission to both the Parliamentary Inquiry into options for financing faster rail and Infrastructure Australia's Audit.

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SUBMISSIONS



NSW FEDERAL FINANCIAL RELATIONS REVIEW

Prosper's submission to the independent review of NSW State Government's revenue system was prepared by Dr. Tim Helm. In the lead up to the submission, Prosper's expert consultation was actively sought by the chair of the review. It was a fruitful meeting with many notes taken by the review secretariat. Following the submission, our consultant was flown to NSW Parliament by Treasury to present alongside Grattan's Brendan Coates. Karl Fitzgerald also attended the related FFRR policy roundtable, where Ken Henry, Treasurer Perotet and Jay Weatherall presented. Informal discussions were held with John Hewson, Prof Richard Eccleston (AHURI, Uni Tas) and Infrastructure Australia chief Romilly Meadow. The tenor for land tax reform was unquestionable.

2020 VICTORIAN BUDGET SUBMISSION

Prosper's submission to the Victorian Budget made a series of recommendations regarding reform of existing land taxes, as well as highlighting our policy approaches to stamp duty and ratings reform. We underscored the importance of embedding sustainable funding sources into urban development projects. We implored the Victorian Government to critically assess its current demand side-interventions into the housing market and presented evidence of the failure of First Home Buyers Grants etc as well as recommending viable alternatives. We made recommendations around the management of state-owned natural monopolies, including land.



VICTORIAN RATINGS REVIEW

As mentioned above, our submission to the Victorian ratings review comprised of a significant body of work conducted by Jesse Hermans which will serve us for many months into the future in the context of various attempts by the Victorian Government to legislate away the ability for local governments to deviate from Capital Improved Value as a revenue base.

FEDERAL OIL RESERVES AND GAS SUBMISSION

Senator Rex Patrick called this inquiry, who continues to impress on this front, discussing the need for a greater share of resource rents. The Land Values Research Group's Bryan Kavangh, and Dr. Cameron Murray also submitted.



AND:

- We gave feedback to the Australian Infrastructure Audit- by Infrastructure Australia
- We made a submission in support of South Australia's land tax agglomeration reform
- We made a submission to the Parliamentary Inquiry into Faster Rail Finance Options
- We presented our research at AHURI's National Housing Conference and ESA's Conference of Australian Economists

EVENTS



Our 128th Henry George Dinner was a great success. Renowned Political Economy Emeritus Professor from the University of Sydney Dr. Frank Stilwell delivered the address to the packed dining room at the Kelvin Club, Melbourne.



JOSH RYAN-COLLINS

In December, we toured UK author Josh Ryan-Collins who presented on the emerging economics of land and housing to our supporters in Melbourne and to politicians in Canberra.



MONTHLY DISCUSSIONS

Our regular discussion nights are increasingly popular. Over the past year we've had speakers present on topics as diverse as a universal basic income, the future of Australia's superannuation system, and how we can fund better public transport. We've also experimented with online webinars to stay connected during the COVID-19 lockdown.

MEDIA APPEARANCES



SBS THE FEED –28 FEB 2019

We briefed journalists from the Feed publishing an in depth story about speculative vacancies for their popular youth-focused news show.



FINANCIAL REVIEW—1 AUG 2019

Stamp Duty To Land Tax: Designing the Transition recieved a lot of positive support form journalists and got a couple of hits in the financial review

OPINION

Public or private housing? There's an in-between solution

By Emily Sims

October 26, 2019 – 11:03pm



View all comments

There's something awfully jarring about contemporary public land privatisations. When we're side-stepping rough sleepers in the street, it seems incredible that a Labor government can't find a way to use our land for housing. Some statistics: 26 per cent is the number of Victorian households in the medium-low income quintile; 2600 was the Australian-wide increase of "greatest need" public housing applicants; and 2600 is the number of hectares of Crown land going to market in Victoria. Instead of a mass sell-off, the Victorian government could seize the

THE AGE OPINION PIECE 26 OCT 2019

Emily Sims wrote an Op-Ed for the Age about "third market housing" models that can solve our housing crisis



VIRGINIA TRIOLI –2 DEC 2019

When we brought Josh Ryan-Collins down for a tour in Melbourne, he spoke to popular morning radio host Virginia Trioli about the economics of land and housing.

AND:

- 7 JUL **Herald Sun** Andrews Government's vacant residential property tax raises \$5.4 million in its first year
- 16 AUG **AFR** 'Reform has died a bit': ambition lost in infrastructure audit
- 10 OCT **Daily Telegraph** Value Capture for Public Transport
- 24 SEPT **AFR** Scrap stamp duty to boost national incomes
- 30 OCT **Herald Sun** Frankston railway line to stretch to Mornington under bold new plan
- 5 OCT **The Australian** Let's Put our Stamp on this much needed change
- 12 FEB **The Urban Developer** Calls for Empty House Tax Review
- 27 MARCH **The Conversation** The case for a rent holiday for businesses on the coronavirus economic frontline

ADVOCACY



It's been a big year for making friends and influencing people.

Our release of *Stamp Duty to Land Tax: Designing the Transition* led to many fantastic opportunities to present our research, including at the Victorian Department of Treasury & Finance, the Australian Productivity Commission, and at the National Economic Society of Australia conference.

In August, we presented our 2019 *Unspoken Alternatives to Expensive Housing* research to several hundred delegates involved in housing policy across Australia at the AHURI National Housing Conference.

Parliament

We have been meeting regularly with Victorian cross-benchers to educate them about speculative vacancies and Victoria's land tax system.

We took UK author Josh Ryan Collins to Canberra where he presented his research on the emerging economics of land and housing to interested Federal politicians and staffers.

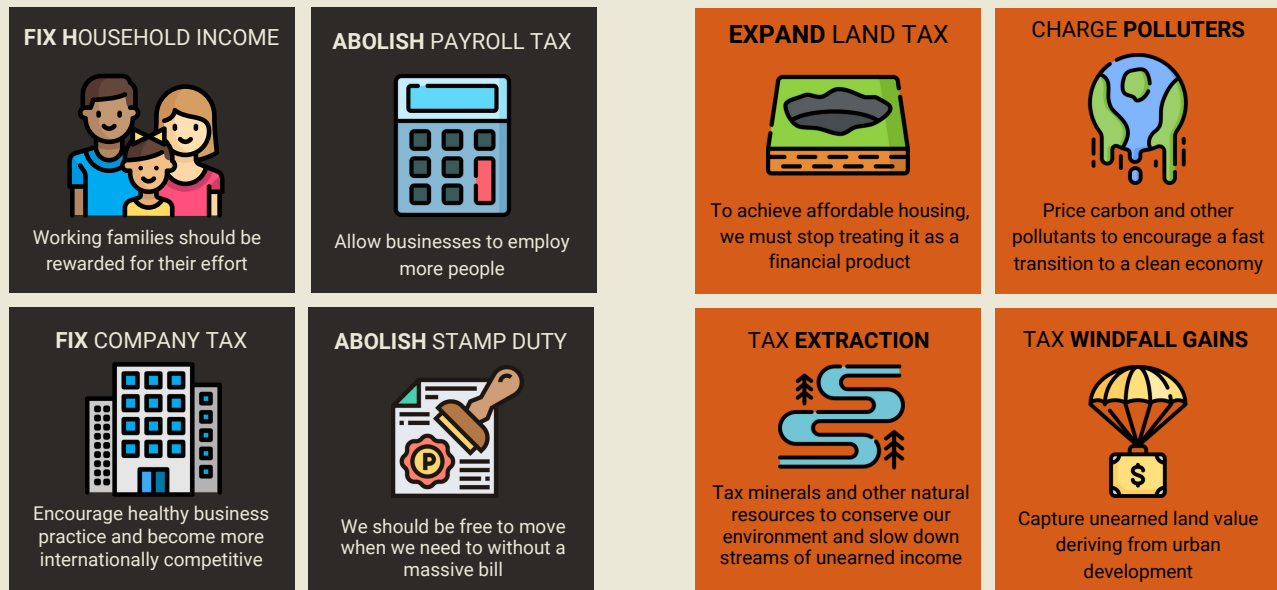
Universities

We continue to build connections across academia, with a focus on engaging with economists, economic geographers, planning and property academics. We are working towards a loose coalition of academics conducting research into transport-land use value capture. We have now held events in partnership with Centre for Urban Research, RMIT and the TransportLab at University of Sydney. Of particular ongoing interest, due to the confluence of our research agendas, is the Transforming Housing initiative at The University of Melbourne, and the Henry Halloran Trust at The University of Sydney.

PLATFORM DEVELOPMENT

The Tax Shift narrative and platform development project is about bringing Prosper's ideas into a consistent framework that is easy to understand and effective at evaluating the types of tax reform we need.

A TAX SHIFT FOR OUR FUTURE



All of us aspire to earn a fair income and build a future for ourselves and our families. However, over the last few decades, we've watched our economy become rusted out and weak. Rising inequality both within and between generations is shaking our values of a fair go and equal opportunities for everyone. If that weren't enough, we're continuing to exploit the foundation of our society: our precious natural resources. It can be difficult to see how we might build a fair and resilient future for ourselves and our children.

The power of our tax system to restructure our economy and society for the better is underestimated. It's time to talk about the tax foundation we need to build for all Australians to thrive. A tax shift will support hard working Australians by fixing household income tax, so we can keep more of what we earn for our hard work. Businesses should be free to provide essential jobs and services, not hampered by payroll taxes. We can tackle the housing divide by increasing land tax, curtailing speculative commodification of our cities' housing stock. We can also protect our environment by putting a price on carbon and other pollutants.

A bold tax shift will allow all of us to prosper. Our tax system can be a powerful tool to help us rebuild our economy and enjoy a prosperous, resilient future. It's time to talk about the tax shift we need for Australia.

COMMUNICATIONS

[Subscribe](#)[Donate](#)[Join](#)

WHY LAND TAX?

Our land is a finite and essential resource we all need to thrive. It needs to be treated differently to other things in our global marketplace.

[READ MORE](#)

The past year has seen us completely revamp our website with a crisp new look and feel. It has seen almost 8,000 users visit the site almost 10,000 times since it's launch in late July. We are continuing to work on educational content to enrich the site.

[About](#) [Campaigns](#) [The Latest](#) [Learn](#) [Library](#) [Contact](#)

PROGRESS

SHARING THE EARTH SO ALL MAY PROSPER



Options



For public interest policy

PRINT JOURNAL

From mid 2019, Prosper made the decision to print our century-old print journal, Progress less frequently at two editions per year. This reflects the relative success of our multiple online channels and the decline of print media more broadly. The Winter 2020 edition is available now.

BLOG

We published 28 Blog posts over the last year. Our most successful posts are always associated with our research, so this year our biggest post was the Stamp Duty to Land Tax "Transition in Brief" written by Karl and Emily. The Transcript of Frank Stillwell's HG Dinner Address and Jesse's Federal election policy comparison were also big hits.

RADIO SHOW

Renegade Economists. Our Georgist podcourse comprising eight episodes so far, outlining Karl's take on the core teachings of Georgist thought. Recent episodes have focused on covid recovery efforts.

ORGANISATIONAL GROWTH



The past year has been catalytic for Proser regarding our evolution into a modern policy research institute. We are proud of what we have achieved with few resources and are excited for what next year has in store.

Sustainability

Prosper staff and board identified a need to diversify our funding model and seek funding through partnerships with universities, philanthropic organisations, as well as providing research services.

Our plan for improving core income generation capacity involves improving our organisation's visibility, building networks and partnerships, increasing the size of our support base, and telling our story in accessible and memorable ways.

Renewing, diversifying and filling all available positions on our honorary Board of Directors is a key goal for next year.

TREASURER'S REPORT

On Prosper's Financial Statements

As anticipated, the past year has seen a significant loss of \$47k.

Prosper's strategy has been to swing its resources into strategic communications and invest more in "boots on the ground": networking, liaising with researchers and supporting and nurturing government contacts. To that end, we employed Lucy Allan, a talented and experienced communicator and campaigner in the not for profit sector. Lu's wage is equivalent to the loss.

The current NSW and Victorian State Governments' promotion of a Stamp Duty to LVT transition in the two largest States in our Commonwealth is testimony to the effectiveness of this strategy. Other wins include the removal of the Tennis Court exemption in Victoria, the increased dialogue around capturing uplifts and rezoning windfalls.

Prosper therefore plans to run down almost half of its reserves by approximately \$34k to fund the remainder needed to retain our current staffing levels.

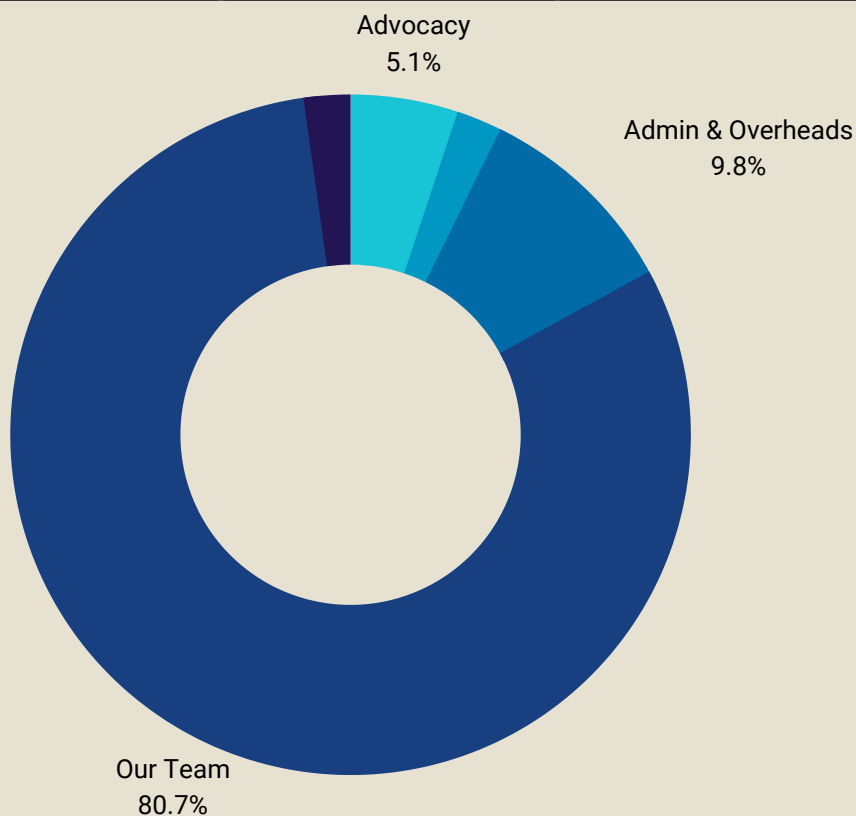
On PARI

Prosper Australia Research Institute funds all our research projects and currently relies on the generosity of its regular and major donors. Prosper's Research Institute incurred a deficit of just over \$6k last year, though it's cash reserves of nearly \$40k + \$26k in a Managed Fund mean PARI stands in a strong financial position.



James Webster
Treasurer

PROSPER FINANCES OVERVIEW



EXPENSES

Prosper's total expenses this year were **\$249,929**.

Our biggest expense is **paying our staff** and covering the costs of our volunteers.

Prosper's **rent is nominal** thanks to our occupancy of HGFA's Max Hirsch House.

Advocacy costs included touring Josh Ryan-Collins, launching *Transforming Transit*, and producing the Renegade Economists podcast.

INCOME

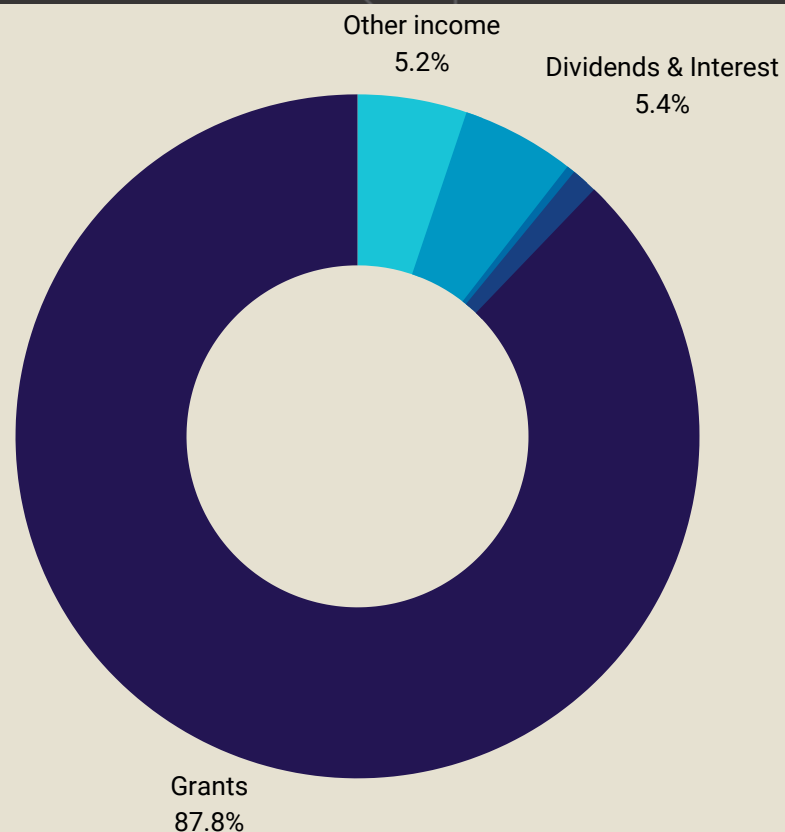
Prosper's gross profit this year was **\$202,453**.

The vast majority of Prosper's funding derived from annual grants made by the **Henry George Foundation of Australia**.

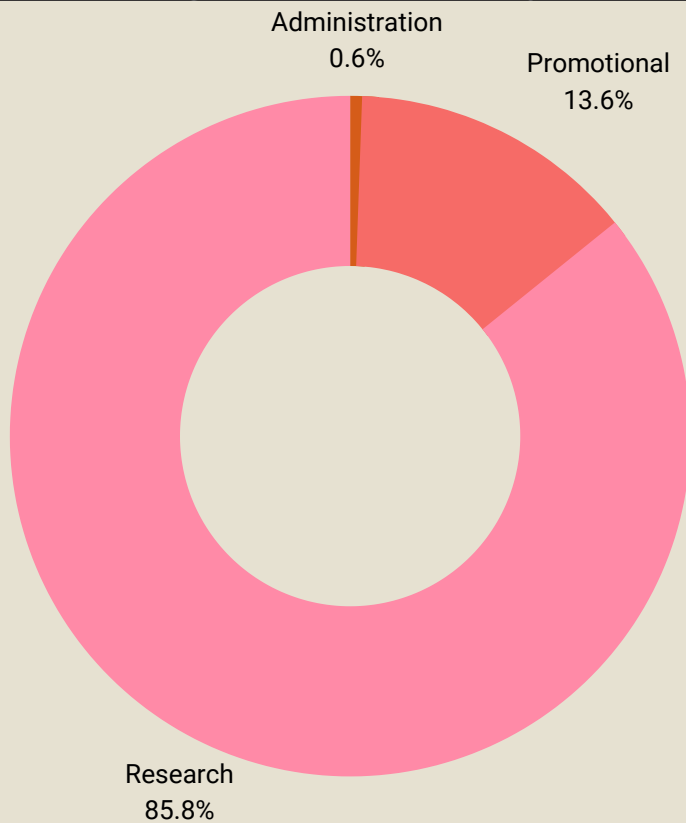
5% of our income this year came from **interest on our reserves**. 5% came from **a commission** from the NSW state government.

Currently, **membership fees** make up less than 2% of our income.

Prosper incurred a loss of **-\$47,476** for the 2020 financial year.



PARI FINANCES OVERVIEW



EXPENSES

Prosper Australia Research Institute funds all our research projects and currently relies on the generosity of its regular and major donors.

PARI had a total income of **\$15,453**.

Our biggest expense is **paying our talented researchers** and covering the costs of data acquisition.

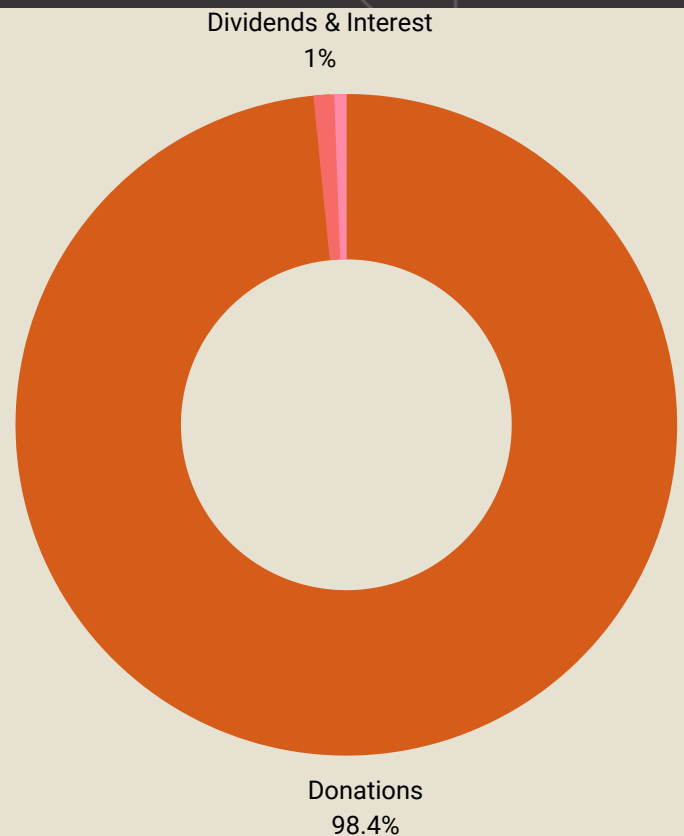
Examples of promotional costs include **printing and graphic design** of reports.

INCOME

Prosper Australia Research Institute received **\$15,453** in donations and interest.

The majority of donated funds came from a small number of **generous major donors**.

Prosper's Research Institute incurred a loss of just of **-\$6,024** last year.



THANK YOU

We are very grateful to the generous support of our partners and donors.

Thanks to the **Henry George Foundation of Australia** for their stewardship of Henry George's legacy and support of Prosper's work.

A standing ovation for **Karl Williams**, generous friend, community director and donor who stepped down from our Board this year after several decades of service.

Thank you to our research collaborators **Dr Tim Helm, Dr. Chris Hale** and **Dr. Cameron Murray** for their hard work and ongoing encouragement.

Thanks to our members for their ongoing support and participation at our events and discussion both in person and online.

APPENDIX: FINANCIAL STATEMENTS

Profit & Loss Statement

April 2019 To March 2020

ABN: 61 754 041 519

Email: office@prosper.org.au

INCOME		
HGFA GRANTS	\$178,200.00	
MEM'SHIP FEES, SUBS, DONATIONS	\$2,515.85	
SALES	\$809.04	
DIVIDENDS & INTEREST	\$10,873.32	
OTHER INCOME	\$10,483.39	
Total INCOME		\$202,881.60
Cost of Books/Videos Sold		
Opening Stock on Hand	\$44.58	
Purchases	\$384.03	
Total Cost of Books/Videos Sold		\$428.61
Gross Profit		\$202,452.99
EXPENSES		
ADVERTISING/PROMOTIONAL	\$6,660.26	
Josh Ryan-Collins Tour	\$1,778.36	
OCCUPANCY EXPENSES	\$7,364.25	
FINANCE & BANKING	\$428.86	
OFFICE EXPENSES	\$15,636.82	
TOTAL PROGRESS	\$5,533.86	
SALARIES AND ON COSTS	\$196,634.06	
Salaries- Prof Dev. and Misc.	\$5,175.45	
Conferences & Networking Events	\$4,291.38	
MISC. EXPENSES	\$1,016.83	
SPECIAL PROSPER EVENTS	\$5,408.66	
Total EXPENSES		\$249,928.79
Operating Profit		-\$47,475.80
Total OTHER INCOME		\$0.00
Net Profit/(Loss)		-\$47,475.80

This report includes Year-End Adjustments.

Balance Sheet

As of March 2020

ABN: 61 754 041 519

Email: office@prosper.org.au

ASSETS	\$164,187.91
LIABILITIES	\$27,781.89
Net Assets	\$136,406.02
EQUITY	\$136,406.02

This report includes Year-End Adjustments.

Profit & Loss Statement

April 2019 To March 2020

ABN: 69 630 583 817
Email: office@prosper.org.au

INCOME		
DONATIONS	\$15,362.22	
MEMBERSHIP	\$90.91	
Total INCOME		\$15,453.13
Gross Profit		\$15,453.13
EXPENSES		
ADMINISTRATION	\$135.13	
COMMUNICATIONS & PROMO	\$3,270.77	
RESEARCH	\$20,592.58	
Total EXPENSES		\$23,998.48
Operating Profit		-\$8,545.35
Other Income		
CF Gains/ Losses	\$2,521.00	
Total Other Income		\$2,521.00
Net Profit/(Loss)		-\$6,024.35

This report includes Year-End Adjustments.

Balance Sheet

As of March 2020

ABN: 69 630 583 817

Email: office@prosper.org.au

CURRENT ASSETS	
BANK ACCOUNTS	\$40,169.26
Trade Debtors	\$100.00
Owing from Prosper Aust.	\$371.60
Managed Investments	\$26,651.00
Total CURRENT ASSETS	\$67,291.86
LIABILITIES	
Liabilities Prosper	\$1,098.64
GST Liabilities	-\$4,486.16
Total LIABILITIES	-\$3,387.52
Net Assets	\$70,679.38
EQUITY	
Retained Earnings	\$76,703.73
Current Earnings	-\$6,024.35
Total EQUITY	\$70,679.38

This report includes Year-End Adjustments.