

PROGRESS

SHARING THE EARTH SO ALL MAY PROSPER



On A Win!

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ABOUT

Prosper Australia is a 130 year old advocacy group. It seeks to move the base of government revenues from taxing individuals and enterprise to capturing the economic rents of the natural endowment, notably through taxes on land and natural monopolies

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"Our moral thoughts are usually cast ultimately into a theological form, and so the land reformer's case is generally opened by a statement like 'the land is God's common gift to all.' Cast in its severely economic form, however, the point is equally effective. Rent is a toll, not a payment for service. By it social values are transferred from social pools into private pockets, and it becomes the means of vast economic exploitation. . . . Rent is obviously a common resource. Differences of fertility and value of site must be equalised by rent, and it ought to go to common funds and be spent in the common interest"

Mr. J. Ramsay MacDonald, *Socialism, Critical and Constructive*, p.164

Editorial

We start this edition with key speeches from Hansard at the passage of Victoria's landmark *Windfall Gains Tax* legislation. You can discern the distinctly Georgist principles invoked by the four speakers to fend off property lobby misinformation and respond with the balance required.

Of note is Fiona Patten's line "let us remember that you do not work for a windfall. It is not like you grow something and then the land is rezoned. This is something you are given. This is effectively almost a gift."

The ALP's Legislative Council lead Sonja Terpstra read out parts of our media release. It's not often we get a win, so I hope you enjoy reading this text. Hansard can be such an interesting read on occasion.

We met with three out of the four speakers quoted here, alongside most of the cross bench and participated in several consultations with Treasury. You will find the social media tiles used during the campaign throughout this text.

Next up is more government engagement, this time from an unexpected source. I stumbled across a submission to the Falinski Inquiry on housing supply and affordability by Louise Ackland. Her submission contains a hidden gem: Mildura's college land lease model. Like many others, she has come to the same conclusion from her own insights - leasing the land makes more sense than renting it off the banks.

Talking Falinski, you will note the photo of Saul Eslake taken during his presentation to the inquiry, who came up with the best definition for Land Tax and its effect on land prices that I have seen in a long time - "an additional stream of obligations".

Prosper Australia President Catherine Cashmore works tirelessly at the interface of the real estate market, buying for some whilst advocating for a fairer economic framework. *The Techno Rent-Seekers Milking the Real Estate Cycle* provides an insight into her work at Fat Tail, where she edits the *Cycles, Trends and Forecasts* e-list to a significant

following. She takes us into the world of digital real estate and the booms that have challenged the virtual industry. I found it fascinating to see no matter how fast this industry is growing, nor what new technology can bring, the same predictable problems arise.

One of the articles in our *Media Checklist* 'How land banking slays online games' provides further historical insight into virtual games like *Second Life* and the reforms required.

John Jamieson is a Prosper member who always makes me smile with a tale from his decades as a surveyor. You know the type you want to sit around a campfire and exchange stories deep into the night? His take on *Property Pirates* is a piece you can give to a newcomer with confidence. His smattering of historical precedents with current day pressures helps make sense of what was once known as the level playing field.

Here at Prosper we are swimming in opportunity. Our profile has continued to build, with both Treasury and journalists calling us for our perspective on the public interest. At present there are several government inquiries we'd submit to if we had another set of hands. Our fantastic comms manager, Charlotte, has finished her contract and is back in the film directors chair now COVID restrictions have eased.

We are seeking an additional member for our honorary board too. We have a fleshed-out fundraising plan ready to execute, and have a number of policy working groups underway. The big one of course - here it comes - is to find some new major donors.* As our next strategic planning day approaches, we will do our best to find the right gear for the quantum leap this movement deserves. If you'd like to get involved, please do not hesitate to get in touch.

Our thoughts go out to all Ukrainians.

* Make a tax deductible donation to the Prosper Australia Research Institute - www.prosper.org.au/pari

Windfall Gains Tax Win *via Hansard*



Hansard text highlighting both the importance of the Windfall Gains Tax and our behind the scenes work.

Legislative Council Thursday, 18 November 2021

Ms TERPSTRA (Eastern Metropolitan) (14:26): I rise to make a contribution on the Windfall Gains Tax and State Taxation and Other Acts Further Amendment Bill 2021. I have had the opportunity to listen to Mr Davis's contribution and also Dr Cumming's, and it seems a bit of a common theme that when I rise to speak on some of these contributions and matters that we are debating in the chamber, as we have seen with other bills, there seems to be a significant amount of misinformation, conflation of different topics and issues and statements made without foundation. I thought I might perhaps start my contribution by setting out exactly what we are

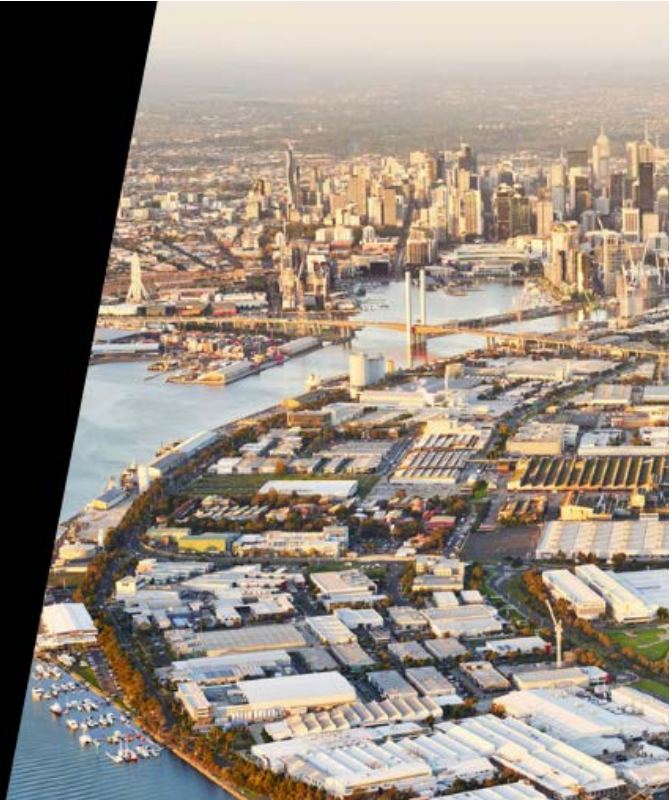
doing and why so at least the people at home who might be watching this can get the facts.

What are we doing and why? As announced as part of the 2021–22 budget, the government is introducing a windfall gains tax on rezoning decisions that create a land value uplift of more than \$100 000. Currently landowners can receive significant windfall gains when the value of their land increases due to government actions, including government decisions to rezone land.

Existing state taxation mechanisms do not adequately capture a share of these value uplifts. The windfall gains tax will ensure a fair share of the value generated from government decisions to rezone land is invested into infrastructure and improved services which will benefit the wider community. That is a very important thing to note. There has been a lot of misinformation

“

When a site is rezoned the value uplift comes from the new land-use permissions. It is a pure economic rent. Little effort is necessary on the part of the landholder. In the A.C.T, the rezoning windfall gains tax is 75% and there's little evidence that it discourages or increases the cost of development.



saying that we are just doing taxes and doing a grab, that it is a big, fat tax, but there is a basis for this. The government remains committed to this important value capture mechanism but proposes to make adjustments to the application of the windfall gains tax to balance its impact in the current economic conditions and in response to stakeholder feedback—again another myth, that we did not consult. Yes, we did.

The key changes that have been made to the policy that was outlined in the 2021–22 budget include that the tax will apply to rezoning decisions made from 1 July 2023, a year later than previously announced; land value uplift will be calculated based on capital improved value rather than site value; there is an exemption for residential land, including farmland with a residence, for up to 2 hectares of all rezoned residential land holdings; there is a tax waiver for charities where a charity continues to use and occupy the land exclusively for charitable purposes for 15 years after the rezoning event; there is a deferral of any windfall gains tax liabilities until the next dutiable transaction or until 30 years after the rezoning event, whichever is the sooner; interest will apply to any deferred liabilities at the 10-year Treasury Corporation of Victoria bond rate; subdivision of

land will not cease deferral arrangements, with any liability apportioned amongst the subdivided lots; and there are transitional arrangements for rezoning in train by the announcement date where the taxpayer can demonstrate they have progressed the rezoning and incurred significant costs in so doing.

So there is just a little bit of background, which might help people understand the actual reality of the situation—as I like to say, a bit of myth busting again today.

Just on how the mechanism will work—and then in a moment I am going to go to some stakeholder comments, which have actually been very supportive of the change, contrary to what we have heard here today—as I said, from 1 July 2023 the windfall gains tax will apply to rezoning decisions that create a land value uplift of more than \$100 000.

An effective tax rate of up to 50 per cent of the total value uplift will apply where a value uplift is greater than \$100 000, ensuring rezonings with smaller value uplifts are not affected. Rezoning decisions before 1 July 2023 are not subject to the tax. For a rezoning with a value uplift between \$100 000 and \$500 000, the tax will apply at a

marginal rate of 62.7 per cent on the uplift above \$100 000, and above \$500 000 a tax rate of 50 per cent will apply to the total uplift. The tax will not apply to rezonings of land to and from the urban growth zone within the growth areas infrastructure contribution areas, to rezoning of land to public land zones or to rezonings of land which correct an error in the planning scheme.

What I now also want to do, as I said earlier, is turn to some of the stakeholder comments, and I will add a bit more detail around consultation and the like. I will just read into the record some of the supportive stakeholder comments, which again dispel the myths that have been perpetuated in today's debate. Others in the community taking an independent look at this have come to the same conclusion as the government, which is that it is a fair and efficient tax. Brendan Coates, director of economic policy at the Grattan Institute, wrote when the policy was announced:

... this is a good move. It should reduce incentives for corruption when planning applications are decided. As a tax, collecting unearned windfall gains is extraordinarily efficient, so efficient it shouldn't even be called a tax but a charge for a change in allowable land use, which is what it is.

He said that:

"It's a myth that charges for changes in land use raise home prices.

The ACT Government has charged 75% for land value uplift for three decades without scaring ... any developers away."

Director of research at Prosper Australia Emily Sims recently said:

"The Rezoning Windfall Gains Tax is a win-win-win for regional communities. With this tax, communities share in unearned profits, local government development plans are supported, and corruption is no longer incentivised.

Local government planning departments around Victoria, such as Warrnambool, Bendigo, Hepburn and Shepparton, have shown that the regions have plenty of land already zoned for the growth they need.

Most councils have more than 15 years-worth of land supply already approved. Warrnambool has 22 years land supply available, Shepparton doesn't need to rezone any new land until 2038, and even Surf Coast shire, one of the State's fastest growing regional areas, has 14–19 years supply.

The best way to develop regional areas is to listen to the local planners because they know their communities best. Regional councils know where growth has to happen and they don't need to be hounded by land speculators chasing a rezoning cash grab."

So again these are very important comments from stakeholders in regard to recognising the importance of this mechanism, which will actually help drive down corruption.

I just want to address what Mr Davis said as well about wanting to hypothecate any gains into communities. I mean, there will be differences in the actual gains made in various communities, depending on the value of the land and where the land is. So if you were to adopt what Mr Davis said, you would actually find inequities in the system where some communities would be able to perhaps generate or benefit from larger amounts of that windfall gain than other communities, and that would be inequitable. So having the government actually gather these charges or taxes, or whatever you want to say, then actually allows things to be supported in a more equitable fashion.

In terms of some of the other myths today around how this is going to affect home prices and the like, I note that some of the stakeholder comments directly address that. But we have ensured that the family home, as well as beach houses and residential investment properties, will not be impacted by this tax, by putting in place an exemption for residential land which includes a dwelling fit for occupancy at the time of rezoning, with the exemption applying for up to 2 hectares of residential landholdings and regardless of whether the dwelling is the landowner's principal place of residence. Charities will be eligible for an exemption. They will not pay any windfall gains tax liabilities on their landholdings, so long as the land continues to be used for charitable purposes

for 15 years after the rezoning event, recognising the important work that charities do.

Now, I also just want to address one of the comments that were made around these exclusive clubs. We will remove the land tax exemption for private gender-exclusive clubs, such as the Australian Club or the Melbourne Savage Club, to make sure they pay their fair share. Again, people who have the most capacity to pay should pay. These elite, discriminatory institutions are an anachronism, and they can afford to contribute their fair share to support services and infrastructure for all Victorians.

Land tax exemptions will remain for charities, as I said, and for not-for-profit clubs that are not exclusive and not discriminatory. For example, this will not affect men's sheds. Men's sheds are doing great work to promote mental health and wellbeing. This policy change will impact less than 10 clubs and is estimated to raise about \$1 million over the next four years, so we are all for busting elitism and discrimination when we talk about taxation mechanisms. It is a beautiful thing.

Ms PATTEN (Northern Metropolitan) (14:52): I am pleased to rise—I will try and make it brief—to speak on the Windfall Gains Tax and State Taxation and Other Acts Further Amendment Bill 2021.

As we know, the bill does several things, but I think one of the areas that probably I was most interested in and the Reason Party was most interested in, because it has been a policy of ours, was really working out ways to encourage build-to-rent programs in Victoria. This bill goes towards that. Build-to-rent along with build-to-buy schemes are innovative policy solutions, and I am seeing a number of these types of projects occurring in my electorate of Northern Metropolitan. It closes the gap between people who can afford to rent but cannot save the amount to get a deposit. Build to rent refers to, as the bill states, residential developments in which all apartments are owned by one entity, often a managed investment trust, and then leased out to tenants. This is different, obviously, to the most common build-to-sell method, where a developer builds a

residential development and then sells the apartments.

We have seen some really innovative work done in this area and some really good designs, designs that are also designed to create some social cohesion in these spaces. I commend a company in my electorate, Assemble, which is operated by a great guy called Kris Daff. When you look at the way they design some of their buildings, they really look at some of the issues that I was going to yesterday around loneliness: when people come in, they will see their neighbours; there are lots of common spaces; it is expected that you might share tools to fix your bike or that you might share workspaces.

It is around creating communities, and in build-to-rent models these are things that can be done effectively and, I think, very well. So I am pleased that we are seeing those tax concessions there.

Probably where the government could have gone further—and certainly Mr Daff mentions this—is in encouraging that from a social housing perspective, so really looking at increasing those concessions when social housing is a proportion of that. Sadly, I think the Greens with their amendment possibly go too far at 90 per cent. I would have liked to see 40 to 50 per cent, but it is something that I will continue to explore with the government going forward, how we can do that.

The bill, as Ms Lovell and Mr Davis mentioned, removes the charitable exemption for men-only clubs or for single-gender clubs. As Mr Davis mentioned, I am a member of a private club, but it has men and women as members. Apparently it was very progressive in 1996, but it seems a number of the men's clubs still do not see that that is the way to go.

Of course I brought a bill to this chamber last term to remove other charitable exemptions on land that was owned by religious organisations but used for commercial purposes and certainly land that was used just for the advancement of religion. I think Sanitarium is a great example of this. Here is an extremely profitable company that competes in the open market against

Is the windfall gains tax unfair to some developers?



other companies like Kellogg's, Kraft and Nestlé. They do not have to pay land tax because they are a religious organisation and the money, they say, goes to advancing religion. Now, if you were using that money to solve homelessness or to help the disadvantaged or to set up hospitals or for health, then that I get, but not when it is used for this very loosely described intention of 'advancing religion'. I understand Weet-Bix do not advance religion of course, although I think Kellogg's did have some very bizarre ideas about what breakfast cereal could do. However, the fact that those profits go to some, as I say, loose term of 'advancing religion' I do not think should qualify those companies for land tax exemptions.

Certainly where you worship should remain protected and those who, as I said, reduce poverty and protect health. I will continue to fight for changes around the types of exemptions that we provide.

But the thrust of this bill is to introduce a windfall gains tax on the uplift in land value resulting from planning scheme amendments that change the zoning of land. I certainly did meet with the Housing Industry Association, I met with many of the building industry groups—in fact I have had a number of meetings—and certainly when I met with them last year about this what they were facing was very different to what this bill is now. There have been some significant concessions. Certainly I know the Property Council of Australia acknowledged that, that there had been delays in the start of this, and much to

probably the criticism of other organisations that said, 'No, let's start it now'. But obviously this proposal does not begin until 2023.

And let us remember that you do not work for a windfall. It is not like you grow something and then the land is rezoned. This is something you are given. This is effectively almost a gift.

No goods are exchanged so there is literally nothing to be done. And we know that people buy land to speculate on it. We know that there are rent-seekers out there that purchase land on the hope that there will be a windfall, that there will be a rezoning. Or they go further than hope and they start campaigning and lobbying for that rezoning.

It was not that long ago in this house that the City of Casey came under quite a bit of review and speculation. In fact the City of Casey has gone into administration for this exact reason—because it was found that they were being lobbied via paper bags of money for rezoning and other development favours.

Given that the government is the one who makes the decision about the rezoning, I think it seems reasonable that it should get a cut of the profits to reinvest into the local community and across the state.

It is about sharing that sometimes absolute motza that people can make from a planning decision. This can be a win for the developers. I mean, the developers are the ones who actually do the hard work.

They are the ones that actually plan it. They put the infrastructure in. They do the hard work. Those that are possibly just speculating on the land, the cowboy rent-seekers, now will not be able to take all the cream and leave the site with very little money. So when you see that huge gain from the landowner, it really shrinks what the developer can invest in that property. So I think this means that rather than profits going to overseas companies, property share portfolios, those funds will be reinvested into roads, plumbing and the environment.

I am certainly happy to say that, as I said, I believe that the property council has made very good points to the government, and I understand that the government has listened to those. I know the property council and others would like to see further changes, but I think this actually finds a very good balance.

In fact I was actually somewhat surprised about this, because I had a meeting with a developer just yesterday, Mr Tom Roe, who is down in the Geelong area—a big developer, passionate about growth. In fact he was the chair of the Urban Development Institute of Australia for the Geelong branch for some years. He could not spruik windfall land tax more. He is an absolute advocate, and when I put to him the property council's arguments that they had to put to me, he whacked every single one of them away—and he knows a lot more about it than I do. So he was meeting with me to convince me to support this, and he said it actually would help developers. He said and I think the UDIA said—and I certainly think some of the opposition's amendments go to this—it is somehow creating a growth areas infrastructure contribution that covers everywhere. So rather than just a GAIC for the growth areas, we would have one that covered the whole state.

Now, Mr Roe is not that keen on a GAIC. He thinks that is actually really bad policy, so he thought it would be even worse policy to expand that idea. He argued—I thought very, very well—that this type of tax is actually the fairest one and that it will not lead to a change in housing prices, it will

not lead to a change in a reduction in development. All of the fears that have been placed up here, he says that that will not happen. And this was reiterated by the Grattan Institute and by Prosper Australia, who again made some really good points and went through a lot of the points that the property council raised with me. They are saying it is very unlikely that taxes will lead to higher house prices, and this was also confirmed by, as I say, Mr Roe, and also confirmed by Prosper, who again, does not have a dog in the race, unlike the UDIA and the property council, where a number of their members could be described as property speculators.

So this is just one of those pieces of policy where there is a simple solution to the problem, and this probably could have been done many years ago. It makes a lot of sense. We know that the ACT did this, and I know the ACT is still going through a housing boom and there are still properties being developed, because the land is being released by the government.

I am not going to stand here and stand in the way of this. I have listened to the industry. I have listened to Grattan, I have listened to Prosper and I have listened to property developers, as I say, such as Mr Roe, such as Robert Pradolin, and they have all said that this is actually the correct way forward.

This is the way to ensure this. I would just make one note. There is one area that I do think we should be considering, and this is because having done the homelessness inquiry we know that that transitional housing that people need when they are experiencing homelessness is desperately needed and we just do not have it. People are leaving hospital into homelessness. People are leaving prison into homelessness. People are leaving mental health facilities into homelessness. We cannot allow this to happen in this rich state. This must change.

Property developers are getting behind this idea. They want to retrofit their vacant properties while they are going through the planning process to provide transitional housing with wraparound services for people experiencing homelessness, for people escaping family violence, for people coming out of prisons and for people coming out of hospitals. And they are suggesting that a land tax concession in those circumstances would

encourage more developers to do this. So rather than looking around the city and looking at those empty buildings that are getting ready for development—we know that planning can take five years at least for big developments—rather than those buildings just sitting empty while people are sleeping in the doorways of them, we could be encouraging more developers to take on retrofitting and putting transitional housing into those buildings while those people get on

their feet to get into the private market, while we are building more social homes and also while those buildings remain empty. I will leave my comments on this at that.

Mr MEDDICK (Western Victoria) (16:17): The title and principal measure of this tax bill is the windfall gains tax, and that is the measure that I want to principally address today. The government brings a tax measure that will come into place in 2023 and will deliver significant revenue to the state over time. Unlike some in this chamber I do not oppose all taxation. What I do want to understand is whether this is a good tax or a bad tax. The real test of any new tax is: is it just, is it efficient and what effect will it have on society?

planning for society changes and evolves, some landholders are made immeasurably richer through no effort of their own.

Whenever we can tax pollution, extraction or monopoly we make the taxation base fairer. Apart from the proximate cause of these windfall gains, the rezoning decision, what is the more fundamental cause of uplifts in large landholdings? It is not due to the actions and efforts of the landholder. It is the development of the community, the building of infrastructure, the access to services, shops and homes.

Windfall gains in land value are created by the entirety of the community and belong in large part to the community. This bill will ensure that the next generation of land bankers will pay their fair share. Never again will an example like the Kalkallo sisters occur, where they shared in a \$300 million windfall due to rezoning. Under today's legislation they would have to make do with just \$150 million, which sounds like it is still a pretty good deal to me.

*Will rezoning
windfall gains tax
make housing more
expensive?*



Taxing the windfall gains on rezoned land is very fair. This is wealth that seems to have been created at the stroke of a pen by the government. By making these rezoning decisions, which will happen from time to time as our

Of all the taxes collected by state or federal governments, windfall gains taxes, along with other land taxes, are the most morally just, and their imposition is long overdue. Is this tax law efficient? Most tax—certainly income tax, payroll tax and the like—imposes significant deadweight costs on society by taxing production, effort or productive investment. By taxing these things we get less of them, which is a cost to society. Windfall gains tax does not impose any deadweight costs on the economy, so this tax is efficient.

What effect will it have on society? One thing we do know is that we must try and reduce the incentives for corrupt behaviour to emerge from developers and politicians at any level. Windfall gains have been a corrupting influence in the past, and this bill helps to reduce that temptation. So not only is this tax fair and efficient, it also has a tendency to reduce corruption. I note that this is not a tax on development but a tax on windfall gains.

There is no theoretical or evidentiary basis to think that this will deter development of properties in the regions or anywhere else. Indeed, by deterring land banking, developers may well find better access to land for appropriate development throughout the state.

I note that the bill includes a range of measures to address edge cases of fairness and reasonableness of the tax. This includes deferral mechanisms and some exclusions for residential properties. These detailed measures in the bill will need to be reviewed in time to make sure that they have not created loopholes in the tax measure that impact on its effectiveness.

There is one other measure in this omnibus bill that I will address, and it concerns private gender-exclusive and gender-restrictive clubs. That these privileged men in their privileged clubs—where they get together to discuss who knows what, but probably their privilege—have also been claiming an exemption from land taxes that the rest of us have to pay is outrageous. This tax measure is well and truly overdue. I support this bill, and I commend it to the house.

Mr HAYES (Southern Metropolitan) (16:36): I rise to speak on this bill and particularly the part that pertains to the windfall gains tax. This is generally a policy my party has supported for a long time. Sustainable Australia Party policy on this subject is, and I quote:

Capture for the public the land value gains (unearned profits) from planning and rezoning, rather than gifting them to private sector developers. This would include:

Introducing an ACT-style 75% developer 'betterment tax' in all states on the total land value gain (between current zoning use and the new approved use) received from favourable land re-zonings. The tax would be applicable only at the time of a new planning approval. This tax reflects the fact that the value of the new property rights allowing higher value developments is created by the community through the political process ...

Now, while the bill before this house is not identical to that, and it is not as high a tax rate as that, in essence it captures the spirit of my party's policy. Private sector developers have long been gifted the gains made in the land value due to government land rezoning decisions for far too long, and my congratulations to the Andrews government, who after seven years in power, are now introducing the type of policy which our party has advocated for many years. There have been some hefty windfall gains made by developers during the term of this government, so this bill is better late than never, and I welcome it. So congratulations to the government there.

There are other good policies on my party's website, and some may wish to have a look at them. Many are framed like this one to ensure a fairer society when it comes to housing and planning. Some of them relate to banning political donations from property developers, which, as has been tested in this house, is not supported by the major parties.

The government has been slow to act on the issue of so-called windfall gains or value capture or value uplift, but it has now—and congratulations.

However, the timing does seem to suggest that it may be to capture the windfall gains generated by the biggest developer bonanza that will be gifted around the Suburban Rail Loop.

And it is a pity that when it came to the rezoning at Fishermans Bend some years ago—the very definition of a windfall gain—the previous government did not take such value capture principles into account at that time. I often hear politicians on the right accuse the left of wanting to hand out free stuff, but the Fishermans Bend rezoning story proves that handing out of free stuff is not only the preserve of the left.

Recently ABC News published an article on its website by Daniel Ziffer which explains why such taxes as this windfall gains tax on land rezoning is necessary. The story was called, and I quote, *'Taxes that reward asset-owners and punish wage-earners leading society into crisis, say experts'*. The story began with the following quote:

House prices and the value of the share market have ballooned. But wages are barely growing. The combination means a widening gap between those who make their money from assets and those who make it from their labour ...

The story quoted Dr Angela Jackson of Equity Economics, who provided a historical perspective on the current situation of widening wealth inequality in our society, a wealth inequality which threatens social cohesion, and we have seen through this pandemic increasing instances of the breakdown of social cohesion here in Melbourne.

Dr Jackson pointed out that from the 1970s taxes on wealth have diminished and we have seen an increasing tax burden fall on those who make their income by working. Dr Jackson pointed to former Prime Minister John Howard's reduction in capital gains tax, which tilted the playing field even further in favour of people who make income from assets and against people who earn money from work. That is another reason why I am speaking in favour of the windfall gains tax the government is proposing, and I thank the Greens for raising the issue.

Property in Australia—in Melbourne and Victoria—has become an avenue for speculation.

Speculation on development has gone wild and there are great profits to be made, much bigger than the share market, but it is a Ponzi scheme and it is backed up by government concessions like what I was talking about—the reduction in capital gains tax and other concessions where profit is made in property—and it is also backed up by industry's demands for more and more population growth to provide customers for this property. Everyone says, 'Invest in property', but we really should be investing in smart manufacturing. That is what we should be investing in. Property investment is non-productive.

If a landowner has a huge uplift in the value of their land as a result of these government actions, then it is only right that the increased value should be taxed for the benefit of society as a whole. After all, it is the society that pays the price with loss of amenity, environmental damage and impositions on infrastructure. I also believe a windfall gains tax lessens the likelihood of developers bribing politicians—a real worry of mine—as the gains to be made from rezoning land are reduced. At the same time, a contribution to the services all society needs is derived from these government rezoning decisions.

The ABC story I referred to also quoted a Mr Rob Pallin, who is the well-off chair of retailer Paddy Pallin, who also believes the current tax system unfairly benefits asset owners over wage earners.

Australia used to consider ourselves a very fair and equitable nation— is what he says— but I think we're losing that gradually. And I think we've got to move our way back towards it.

That is why I will be voting in support of this bill. This bill is a move towards the fairer and more equitable society that Mr Pallin was talking about. I grew up in such a society. I have seen it change for the worse over recent decades, and it is time for wide ranging reforms, which this bill makes some contribution towards achieving. I commend the bill.

Source - https://parliament.vic.gov.au/images/stories/daily-hansard/Council_2021/Legislative_Council_2021-11-18.pdf

Chaffey's College Land Rent an Affordability Alternative *by Louise Ackland*



Bruno Scramgnon, Pexels

Submission to the House of Representatives Standing Committee on Tax and Revenue Inquiry into and Report on the Contribution of Tax and Regulation on Housing Affordability and Supply. (The Falinski Inquiry)

Prepared by: This is a private submission, not part of a campaign.

Housing and the concept of 'home' is crucial to any discussion about the health and wellbeing of any citizen. It is central to how our society operates and formative in shaping our experiences in this country. It encompasses all of our notions of security; safety; belonging and heritage and our dreams and visions for our future. And increasingly this is an unattainable quest for a whole new generation, unless they are prepared to suspend all reason and saddle themselves with insane levels of debt.

This can't [end] well. Our whole economy is underpinned by a debt fuelled illusion of prosperity. As someone who lives in an inland regional town I am amazed that more people don't recognise the potential of decentralisation. How can we make housing more affordable without crashing the bubble?

Terms of Reference C: Examine the effectiveness of initiatives to improve housing supply in other jurisdictions and their appropriateness in an Australian context.

Many years ago my husband and I had some business in north Adelaide but struggled to find any accommodation, so ended up having to book a cabin at a caravan park in Gawler. The park was made up of three sections, one for vans, one for on-site cabins and one for permanent homes under a land-lease model.

Strolling around this section we were struck by how nice some of the houses were, how beautifully the gardens were kept and were impressed by the amenities available. We wondered to ourselves why this opportunity was only available to the over 55's?

I find this concept intriguing as an opportunity to address housing affordability in Australia. The demand for this model is obvious by the number of retirement villages popping up everywhere and advertising heavily in weekend papers. There's no denying the popularity, look at the example of Sun City Arizona.¹

¹ https://en.wikipedia.org/wiki/Sun_City,_Arizona

All of these villages boast a golf course; a swimming pool; recreation centre; visiting doctors clinic; hairdresser etc. Exactly the same amenities every regional town has already.

The town of Mildura is unique in terms of its College Lease Land scheme which might be adopted and modified as an option for providing affordable housing that could attract new settlement away from the cities and provide the much needed workforce in some regions or help to stem the trend of young people leaving and taking all of their talent and energy with them.

Every week we hear a new call for assistance to our 'most vulnerable' and every week that list seems to grow. Providing free housing to rent-seeking parasites is not something anyone should support but certainly an argument exists for some kind of social housing and definitely cheaper mainstream housing especially for young people.

The problem with social housing projects is the tendency for them to turn into ghettos of poverty; crime; violence and total lack of respect from the occupants to look after the asset. This is the profence of town planners and designers to address.

Case Study – Mildura

"The Chaffey brothers wanted to make Mildura a vibrant community. Their plans included many visionary concepts: an agricultural college was needed and to finance this they allocated one-fifteenth of the land to be for College leases, which has provided support funding for schools over many years.

Prominent locations were made available for churches and facilities for clubs were encouraged. Parks and town transport were considered – together this gave us the beautiful centre plantation of Deakin Avenue, surely one of the finest thoroughfares in Australia. Lanes and streets were laid out in all the town planning making Mildura the beautiful place it is".²

² <http://esvc000627.wic062u.server-web.com/asp/>

I wonder if this concept is an opportunity, if modified and taken to a much larger scale, for making housing cheaper without government being saddled with ongoing problems of maintenance of the housing stock.

Rather, provide the land and collect the lease payments which could then be used to finance some of the other critical services that are the responsibility of Government?

The vision of the agriculture school the Chaffey's wished to build for Mildura didn't eventuate but look what they did in San Bernardino County.³⁻

More than one hundred years later, the ongoing benefit that the College Lease Land model provides for the schools of Sunraysia is evidenced in these extracts from two of the region's school newsletters (see next page).^{4 5}

More handouts and stimulus in the form of First Home Buyer grants are simply vote buying, flagrant and incurious programs to stimulate the economy through housing which merely results in pushing the price up and exacerbating the problem further. Maybe its time to look outside the box and reimagine purpose-built projects which are well designed, incorporate renewable options to make living costs lower and have transport links to avoid the need for so many cars. Areas which allow for community and connection that is so lacking in sprawling suburbs. Instead of spending money to build freeways to accommodate all this sprawl, investment to encourage settlement in the regions has many associated benefits.

Far more desirable than the visions proposed in Agenda 2030 surely.

Submission - www.aph.gov.au/Parliamentary_Business/Committees/House/Tax_and_Revenue/Housingaffordability/Submissions

[documents/milduraschaffeytrail_brox09.pdf](#)

³ <https://sbcsentinel.com/2017/08/chaffey-college/>

⁴ <http://www.merbeinp10.vic.edu.au/images/Newsletters/2018T3/2018T3week10.pdf>

⁵ http://www.redcliffps.vic.edu.au/rcps_files/Newsletter/June22nd2016.pdf

MILDURA SCHOOL LANDS TRUST

Hi, this is an open letter to all parents and guardians of students.

It's about the Mildura Schools Lands Trust (often called College Lease) and how it works for our school and your child and children.

Each year our school receives money from this trust.

Over the past year, we have received just over \$100,000

Your school Council has used this money for new Netbook computers, resurfacing of the basketball court and to add to the school building project.

Trust money adds to funding we get from both the State and Federal Governments, and our parent payments.

Every Victorian school in Sunraysia, and therefore every student benefits from the money raised by this trust. How much each school receives is based on how many students attend that school.

How brilliant is that!

SOME INFORMATION & HISTORY

Our trust is now 101 years old and it is the most unique, community education trust in Australia.

Mildura Schools Lands is a trust that owns 183 parcels of land spread throughout Mildura city and the original irrigation area. Each land title is leased for fifty years. Leases can be bought and sold, and developed by the lessee, with approval from council. Commercial rental from each lease raises the money for schools. The Chaffey brothers first allocated these lands and it was then legislated for in 1916. In Jan 2011 it became a part of the Education act.

A representative beneficiaries' committee works to protect and improve the trust.

This committee works with the trust's manager (Sandhurst Trustees), community and the Department of Education and Training to ensure that the trust is secure for the benefit of all Sunraysia primary and secondary students.

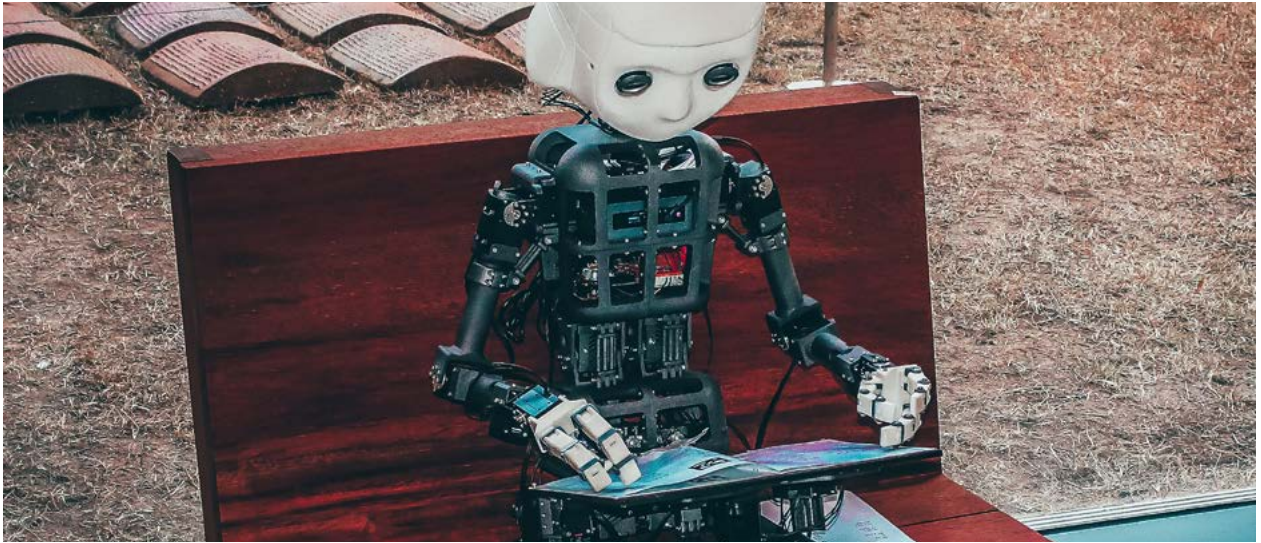
If you would like further information, please ask your principal.

"Both economic theory and evidence suggests that a broad based land tax, which everyone would have to pay, reduces the future value of land because there's an additional stream of obligations associated with it, and hence would be reflected in lower land prices." @SaulEslake



The Techno Rent-Seekers Milking the Real Estate Cycle

by Catherine Cashmore



Andrea De Santis, Unsplash

Cross-posted from Cycles, Trends and Forecasts and its 60,000 subscribers.

The core to learning the mechanics of the 18-year cycle is fully understanding the role of economic rent (unearned income) and rent-seeking in the economy.

This is the 'free lunch' that so many desire and the rights to which are protected by the elite at all costs. Throughout the cycle, the greatest economic gains always come from owning the rights to land.

However, rent-seeking can take on many forms. Cast your minds back to the taxi licencing monopoly, for example. It was more profitable to hold a Victorian licence than it was to run a taxi company! When Uber and Lyft entered the ridesharing industry around 2012-14, they were repeatedly stifled globally by government intervention.

Taxi drivers from London to Berlin staged mass protests. An estimated 30,000 drivers parked their cars, shut off meters, and blockaded streets!

However, just like land, the rental value of taxi fares went directly to the owners of the plates. The drivers were left paying the licence holder an exorbitant share of their fares - often more

than 50%! Little was left over. The drivers were poor.

With the onset of Uber, consumers benefitted from lower fares and increased competition that ushered in better services. However, Uber was not designed to give drivers a greater advantage! It's not a worker-owned cooperative. The company keeps fares unreasonably low to increase the number of users. Drivers struggle to make a profit.

Uber is now what we call a 'platform monopoly'.

With this in mind, remember, 'land' in economics refers to all natural elements - including the electromagnetic spectrum upon which these platform monopolies are constructed. Uber's drivers use their own capital and labour to provide the profits needed for research into Uber's future vision. That of self-driving cars! And like Facebook, Amazon, and Google, it's not easy to attract the market away from the dominant platforms once they become established.

Take Google.

Long before Google as we know it now existed, Yahoo! was the premier internet search engine. In 2002, Yahoo! tried to acquire its closest competitor for US\$3 billion. Google turned down

the deal saying it wanted at least US\$5 billion. Later that year, Google News launched - breaking new ground. Google now controls 70% of the search-related advertising market. Despite censorship pushing people onto other platforms, it has no viable rival. Alphabet Inc (Google) now has a market cap of US\$1.725 trillion. Yahoo!, on the other hand, sold to Verizon in 2017 for, ironically, just under US\$5 billion.

Governments will never intervene to collect the monopoly rents these platform monopolies create. If they did, it would greatly assist competition in the tech sphere. Instead, the preference is to strengthen them further with regulatory reform - giving the impression that they are somehow safe spaces to work within. Ironically, monopolist Rupert Murdoch coined it best when, in his 1994 John Bonython Lecture -*The Century of Networking* -he said:

Because capitalists are always trying to stab each other in the back, free markets do not lead to monopolies. Monopolies can only exist when governments protect them.

It's important you understand this.

Nature's free lunch is why the 18-year cycle exists, why it repeats, and why it gives gravity to every other cycle, in both stocks and commodities. And this includes the digital landscape!

The techno landlords

Technology is exponentially deflationary. It gives us more for less.

Why doesn't technology provide us with more time and leisure and less need to work and toil? The answer is, of course, that land prices absorb the gains of innovation.

But, importantly, in the realm of the information-led electromagnetic spectrum, the landlords are the platforms that break ground first.

And the digital landscape is subject to just as much speculative fervour in the boom phases of the cycle as residential land.

The digital real estate booms

Cast your mind back to the last digital real estate boom as a prime example. That of domain names in the lead up to the dotcom crash. Note that this was the mid-cycle point of the last 18-year cycle.

Domains were a real estate address that could attract a windfall of economic rent based on the amount of foot traffic they attracted. A little like owning a prime corner position on a popular shopping strip.

Take realestate.com.au (REA). The cost of advertising a property for sale on REA is far above that of its competitors. I'm talking to the tune of \$6K or more in some circumstances just to upload some photos and a blurb.

But the REA address yields the most traffic from consumers searching for real estate. And in the realm of advertising, this is all that matters. Importantly, wherever economic rent is being accumulated; the BUST can be timed!

In the glory days of the domain name game, speculators grabbed domains with brand names and key words to flog off to the highest bidder.

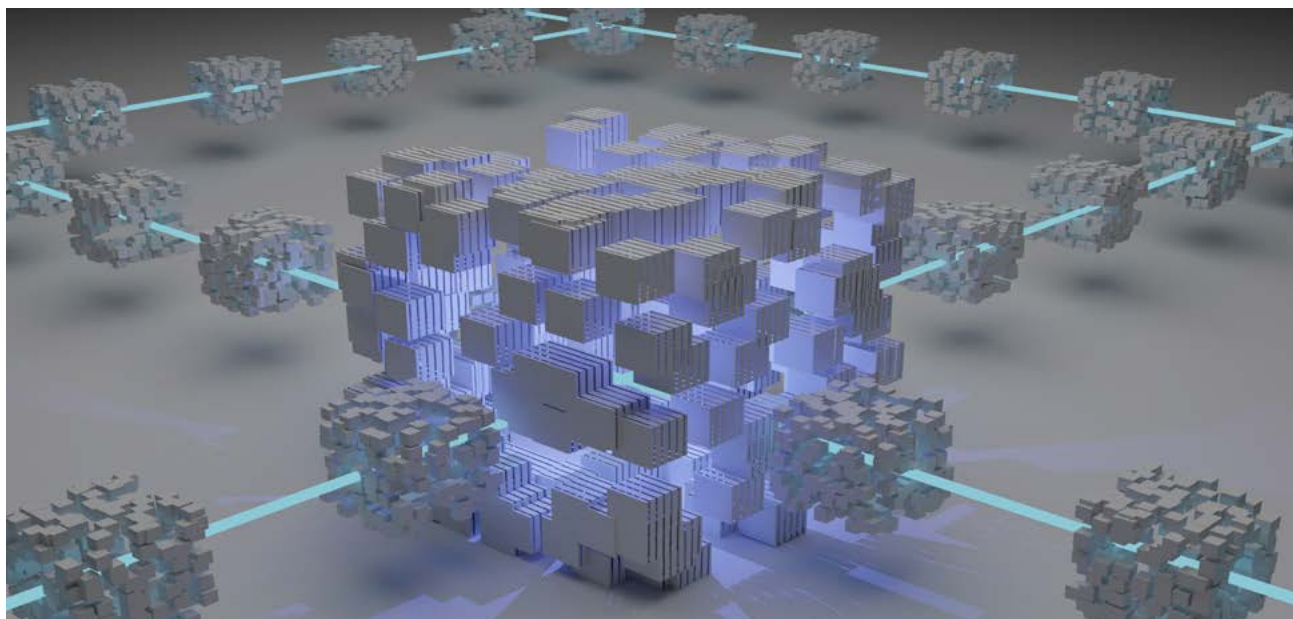
The number of registered domain names reportedly doubled in 1999 and tripled in 2000. In the years following the collapse, names that had transacted for millions, couldn't be sold for peanuts.

That's not to say that domain names no longer have value. Some still attract millions and there is a vibrant investment market for them. But take note here, the bust was easy to foresee and time, if you understood the real estate cycle!

The point of any major collapse in real estate - even that of digital real estate - will either be mid-cycle or end of cycle in this regard.

Riding the digital land boom

Which brings me to the new real estate rush. COVID and the work from home phenomena have, rather conveniently, ushered this in faster than would otherwise have been the case. People



shubham dhage, Unsplash

have fundamentally changed the way they relate to location both physically and digitally.

With the blockchain, we have the onset of mass decentralisation and the removal of middlemen in fields such as payments and real estate.

Digital workspaces are becoming the norm for millions of people. Kids enduring long periods of lockdown are using games as the platform to socialise with friends.

This is something we cannot ignore when assessing the land cycle. It is dramatically shifting how this cycle and the next will play out. So let me lay the scene.

Walking the digital landscape

I asked a mate of mine to take me for a tour around his neighbourhood the other week. We visited an art museum, passed a stadium where tens of thousands had attended a music concert just a few months ago.

We popped into the local bar to chat with regulars and went for a walk through the city. We passed briefly through a theme park and ended up back in the main square where others were congregating around a central decorative fountain.

Regular readers of *Cycles, Trends & Forecasts* would readily understand the value of real estate

in a location like this. It should yield significant economic rent.

And this is a rapidly growing city! It was founded in 2015. Not accounting for tourists such as myself, its population expanded by 3,300% between December 2020 and December 2021. It now has more than 800,000 'residents'. That's hardly a mega-city.

But it's one where a large plot of land recently sold for the equivalent of US\$2.43 million. In case you haven't worked it out, I'm not talking about physical land here. I'm talking about 'land' in the much spruiked 'metaverse'. Decentraland, to be exact.

I spent a weekend exploring it, as well as some of the other big metaverse platforms. What is the metaverse? The metaverse is not a single place and cannot be owned as such. It's not really a new concept either.

The term is simply another derivation of the 'internet' but not like the 2D archaic search-based one we have now. The vision laid by the tech-kings is for platforms that give a 3D virtual mimic of the Earth. One that gives a significant upgrade to the remote working experiences we have now on Zoom etc.

The ultimate vision is that it will totally distil the need to travel and meet people in real life. You can socialise, date, work, play, and earn an



income within the platforms. All remotely, and yet it 'feels' as if you are fully immersed just as you would in real life.

Metaverse games such as Sims and Second Life have been around for a long time. They're called 'games' but there is no goal to the game as such.

The idea is to just 'exist' within the space and use the in-game tools to create another life. Build houses, socialise, etc.

The big game changer this time, however, came with Decentraland. Decentraland built its version of the metaverse on the Ethereum blockchain. The use of the blockchain enables platforms to tap into the wider crypto economy.

That means that virtual items in the metaverse are exchangeable for real economic value beyond their confines. Each platform limits its digital land supply and with use of the blockchain gives it value and ownership status like that of real land.

Once you have secured a space within your metaverse of choice, you can:

- build on it, work on it
- advertise on it
- rent it out, sell it, flip it
- create a marketplace with it etc.

Just as you can with real land. Right now, it's unclear which platform will be the future 'Google' of the metaverses and attract the most foot traffic. And honestly, they need to upgrade significantly from the experience I had in Decentraland.

Moving a clunky ginger-haired avatar around a 3D image on a 2D screen was honestly one of the most boring experiences I've had. But regardless of my opinion, money is pouring in, and development is rapid.

How big is this?

Before Christmas, in the space of one week, land worth more than US\$100 million was sold on the four largest metaverse sites:

- The Sandbox
- Decentraland
- Cryptovoxels
- Somnium Space

Tokens.com purchased the patch I cited above in Decentraland's *Fashion Street* district. It was made up of 166 parcels. One parcel is equivalent to 52.5 square feet of space within the platform. The Tokens.com purchase therefore is roughly equivalent to 6,090 square feet of land. They want to use it to sell luxury brands.

Tokens.com CEO Andrew Kiguel (who has spent 20 years as an investment banker specialising in real estate, I might add) stated:

If I hadn't done the research and understood that this is valuable property, it would seem absolutely crazy.

I get where he is coming from. The number of

users is increasing rapidly. If that continues, there's bound to be real estate within the platforms that can command significant economic rent.

Assuming the land remains limited - just the advertising space itself is becoming extremely valuable. Right now, it's in very early formation, and therefore, extremely speculative. For example, *Fashion District* in Decentraland sounds a lot fancier than it is. The space is just a row of digital buildings styled to mimic Graben in Vienna.

It is full of digital advertisements for brands like Chanel, Dolce & Gabbana, and Tommy Hilfiger. There are no shops that you can walk through - no items to purchase. That's the vision, but it's not there yet.

Decentraland has gained a lot of attention because it is user owned. That means that the platform is governed by its users via a DAO (decentralised autonomous organisation).

And there are profits to be made. Our very own Ryan Dinse (Money Morning) owns land in Decentraland. He purchased two blocks in 2017 for less than \$1K each. In his own words:

My original thesis was that Second Life had managed to carve out a decent sized - of niche - following for almost a decade even after initial hype wore out.

So, if I could own a piece of a decentralised version, it might be worth something... I'd mostly forgotten about them until recent with the current Metaverse boom caused by FB's pivot to Meta.

My other thesis is that VRtech is going to get exponentially better in next few years.

Today, Ryan estimates they would be worth around \$15K each. Although, one of his plots is smack bang in the middle of an estate (a group of holdings held by one big entity). For this reason, it could end up being a good bargaining chip. Decentraland is a small town compared to some of the other platforms.

How big can it get?

Take Fortnite. It's owned by Epic Games. According to Epic's CEO Tim Sweeney, the platform (that has only been around since 2017) has 60 million active users per month, and at its current rate of growth, could reach a billion users in the not to distant future.

It's already producing groundbreaking experiences, and its players are spending more than three billion hours a month in the multiverse.

Christopher Comstock, an American electronic music producer and DJ (known professionally as Marshmello), hosted a live concert in Fortnite in 2019. It attracted an audience of 10 million people!

American rapper Travis Scott doubled that record not long after, with an audience of 27 million! There's significant money that can host and attract audiences to that scale.

Can't digital land just be created?

Sure, the argument here may be that the land in any metaverse that is limited in supply can still be created at will. But as with physical land, it's not the amount of land that matters so much. We have more than enough land in Australia to host the world's population quite comfortably.

The key to making unearned gains in physical land - and digital land within a metaverse to some extent - is buying in the locations that most people frequent and relying on growing population usage to keep the trend going.

Rent-seeking is at the root of the trend and the money made will find its way into the physical land market one way or another.

As we tutor consistently - *land takes all the gains.*

<https://fattail.com.au/publication/pan/>

Property Pirates – Why Are They Given Carte Blanche?

by John Jamieson



For the past seven or eight centuries we have watched the planet earth become one great big commodity, to be exploited, plundered, desecrated and turned into a haven for those that could be described as “property pirates” who are protected by man-made laws that seem to defy logic and any natural laws.

When we use the term “pirate” it usually creates an image of one of the famous “buccaneers” who sailed the seas in years gone by raping and pillaging from those they saw as having plentiful supplies of treasures that might attract their efforts and attention in order that they may sustain a life of ease and luxury with the least effort. Often it is an image of “Blackbeard the Pirate”, or “Long John Silver” of Treasure Island fame that helps conjure up what is described as “a pirate”.

However, in the context of this story, the real pirates are a far more intriguing breed. Yes, they certainly had a history of rape, plunder and capturing treasures and riches – but their targets never required a heavily armoured “Ship of the

Line” or a crew of dastardly rough villains, shanghaied from a port or harbour. No need for such a crew, when all they had to do was help themselves to a natural God-given resource we know as LAND.

From the days of the earliest recorded history, much of it recorded in what is known as “The Bible”, the property pirates have understood that planet earth has a finite supply of LAND – yes indeed, when you stop and consider the question of land, a person doesn’t need a great deal of intelligence to see that when the universe was formed and planet earth was created, that was it. Certainly over many millions of years the earth has evolved into a unique life-sustaining parcel of land on which every living being – animal, vegetable or mineral – can draw its sustenance. With the sun, water and clean air, those three essential items that allow life to grow, we can look at being provided with the basic necessities on which to develop our food, shelter and clothing that allows our survival as human beings.

Capturing areas of land that have never been

created by human beings allows those I have described as “property pirates” to hold those, without access to land, to ransom.

Ensuring that this category of “pirate” can control the land resource has seen the evolution of legal structures which are set in place by those who originally took possession of large territories, using their capacity of waging war to outbid their adversaries in securing control of those less capable of resisting their advances.

Once it was seen that this rare commodity known as LAND could be kept as exclusive private property and then held out of use, unless someone was prepared to pay the owner his (or her) asking price, the “property pirates” were in business – and what a business! Taking possession of something that they had never created – usually by overpowering the original inhabitants – became the new world order, supervised by specially developed “property laws”.

Many human beings over the last few millennia have questioned the practice of what can be described as “land piracy”. The earliest references to land being for all to share as “common property” can be traced to the Old Testament of the Bible, where the original Judeo-Christian land ethic had been that of *koinonia* – land was God’s gift to the community as a whole for the *autarkeia*, or self-sufficient livelihood of all.

The earliest “Property Pirates” can be traced all the way back to Roman Law. If you study Roman law you will find that it developed the “exclusive ownership concept” that legitimised the accumulation of wealth by a few at the expense and impoverishment of the many. Early Christian leaders had all dealt with the question of land ownership and Roman law; they had railed against the Roman law concept of land ownership as “an exclusive and unlimited right to dispose of a thing to the exclusion of all others”. Early protests were led by a young carpenter from Nazareth named Jesus, but he was quickly grabbed by the Roman ruling clique and crucified as an example to any others wishing to question its authority.

Roman land law of dominium actually meant the legalisation of property in land which had been taken by plunder and conquest.

We in Australia, and in many other countries where democracy has been under-pinned by the rule of law, received our laws from the Laws of England, after the Australian land mass had been taken from the original inhabitants. English law had been derived over the centuries from Roman law, and as has been recorded through history, this legalisation of property in land has gone unquestioned except by a few learned & outspoken individuals who have constantly made their point.

Certainly the Bible has been quite clear that the Earth is to be shared fairly and given stewardship for the benefit of all. Australia has generally claimed to be a “Christian Nation” and for a large part of its history and, in Parliament, prayers were given at the start of each session. Despite this acknowledgement to the Bible, until very recent times there was no acceptance that there were people who had actually been living in Australia for an estimated 60,000 years, before Sydney in New South Wales was selected as a suitable place to dump criminals and political agitators from England’s overcrowded detention centres.

Australia’s aboriginal inhabitants had practised communal land use for all of their existence and had respected their right to use the land for their sustenance whilst not instituting their version of what we call “Roman Law”.

The “Property Pirates” from England soon managed to establish their “right by conquest and plunder”, under the guise of Terra Nullius, to ensure that property in land became installed.

When we sit back and review the ever increasing gulf between the “haves” and the “have-nots” (i.e. those with obscene wealth and those living in abject poverty) here in Australia and elsewhere around the globe, it is quite obvious that the freedom of access to land is what causes this, our rapidly growing social disorder.

Property Pirates, who are a nexus of Private Bankers, large multi-transnational Corporations and the major manufacturers of armaments and munitions, now have taken over huge areas of the major continents, where laws, that legalise property in land, forms the basis of their whole economic system.

Challenges to these syndicates of “property

pirates" have been voiced for centuries. All the way back to the only 100% honest politician that had tried to educate the masses, that young carpenter Jesus of Nazareth, there have been people showing that our whole economic system is tragically flawed.

In Jesus time one of his tasks included trying to restore the Old Testament intent of "The Jubilee", a period each 50 years when lands were returned to the original occupiers or their heirs. This entailed preaching good news to the poor, proclaiming release of captives and setting free those being oppressed. This "release of captives" was the release of debt slaves who had lost their land because they were unable to pay the mortgage. This was a crucial part of Jesus' task, re-asserting of the land rights of the poor and displaced.

Unfortunately Christianity lost its mission of economic justice when it was made the official religion of the Roman Empire and incorporated into the Roman Land Law of *dominium*. This is when the first of the "Property Pirates" under the guise of "Christians" went forward hand-in-hand with the plunderers and conquerors who established the land-grabbing Imperialist States.

Interestingly, it is said that South Africa's Archbishop Desmond Tutu once remarked:

"Before any Europeans came to Africa, we had the land and they had the Bible. We all bowed our heads to pray, then when we opened our eyes, we had the Bible and they had taken all the land!"

That great American statesman, Abraham Lincoln, made his position very clear when he told his fellow citizens:

"The land, the earth God gave to man for his home, sustenance, and support, should never be the possession of any man, corporation, society, or unfriendly government, any more than the air or water, if as much. An individual, company, or enterprise should hold no more than is required for their home and sustenance. All that is not used should be held for the free use of every family to make homesteads, and to hold them as long as they are so occupied."

Jesus was crucified by the Romans; Abraham Lincoln was assassinated; probably by those who could be described as the "property pirates".

In more recent times, Winston Churchill, the famous World War II leader who many claimed saved the world from becoming subject to a fascist dictatorship led by the German Adolph Hitler, gave a keynote speech on 17 July 1909 at the Kings' theatre in Edinburgh, Scotland. The first two paragraphs in his speech read:

It is quite true that land monopoly is not the only monopoly which exists, but it is by far the greatest of monopolies – it is a perpetual monopoly and it is the mother of all other forms of monopoly. It is quite true that unearned increments in land are not the only form of unearned or undeserved profits which individuals are able to secure; but it is the principal form of unearned increment which is derived from processes which are not merely not beneficial but which are positively detrimental to the general public.

Land, which is a necessity for human existence, which is the original source of all wealth, which is strictly limited in extent, which is fixed in geographical position. Land, I say, differs from all other forms of property in these primary and fundamental conditions. All the while the land monopolist (i.e. "Property Pirate") has only to sit still and watch complacently his property multiplying in value, sometimes manifold, without either effort or contribution on his part."

NOTE: The rest of the speech by Winston Churchill is quoted in full in the book "Hijacked Inheritance – The Triumph of Dollar Darwinism" Appendix B, by Phillip Day, published in 2005.

During the period immediately before the Goods and Services Tax (GST) was introduced, a very wise and experienced former Minister in the Liberal Government that was led by the late Sir Robert Menzies, wrote a book that was entitled "Towards A New Society". Sir Allen Fairhall joined the Menzies Liberal Government in 1949 as the member for the seat of Paterson; he spent 20 years in the House of Representatives, 11 of



Karl Fitzgerald

these years as a Minister in various portfolios which included Interior and Works, Supply and Defence. His book "Towards a New Society" was critical of introducing the GST form of "tax reform", but instead recommended abolition of the present destructive tax regime and replacing it with raising public tax revenues from a uniform impost on the unimproved capital value of land.

In her Articles and Essays book, published as *"The Earth Belongs to Everyone"*, Alanna Hartzok presents a formidable case for the wholesale review of the tax systems we currently have to deal with. The book commissioned by The Institute for Economic Democracy Press & Earth Rights Institute, draws on a lifetime journey in which Alanna Hartzok has confronted the ever-widening gulf between the extremely wealthy 1% of the earth's population and the other 99% who see a rapidly declining fall in their levels of income, and their capacity to survive, in a world where the population is likely to grow to well over 9 billion people by 2042.

There is no doubt that the Property Pirates are making their presence well and truly felt around the globe, after a reading of *"The Earth Belongs to Everyone"*.

Here in Australia we have an opportunity to make real progress in genuine "tax reform" that will lead to a much more egalitarian society,

where social justice is not just a dream, but a reality. By implementing the recommendations presented by Phillip Day in his 2005-published *"Hijacked Inheritance - The Triumph of Dollar Darwinism?"* there can be major progress made that leads to the New Society that Sir Allen Fairhall had envisaged, that Alanna Hartzok envisages for the USA and which Winston Churchill had offered a direction to, as far back as 1909.

Our former leader on the national scene Alfred Deakin, Prime Minister 1903-4, 1906-8, 1909-10 made it quite clear when he said:

"The whole of the people have the right to the ownership of land and the right to share in the value of the land itself, though not to share in the fruits of the land which properly belong to the individuals by whose labour they are produced."

Former Minister in the Whitlam Labor Government, Clyde Cameron, also had contributed a lifetime looking at the question of land and the ability of using the unimproved capital value of land to be taxed in order to provide for raising all public tax revenues, as had Sir Allen Fairhall from the Menzies Liberal Government. Why our political representatives and former Ministers in Federal Government couldn't manage the tax reforms - that even "Blind Freddy" can understand is no mystery - the "Property Pirates" manage to shanghai



the system using the Private Banking Cartel in collusion with their self-proclaimed “right” in treating land as a commodity for their monopoly control of our economy.

Until such time as the wider population starts to understand what underpins the road to social justice and starts treating the Earth as a parcel of “Common Property”, that we all have an equal stake in preserving, there will be an ever widening gulf between the 1% of those who are obscenely wealthy and in control of the land, and its resources, and the remaining 99% of the world’s population.

This other 99% will simply be the slaves to debt, eking out an existence by picking up a few crumbs that happen to fall off the table of the Property Pirates.

It’s time to get the young generation into the act. In a few short years they may all be faced with the problem of getting a home of their own and may want to obtain a small plot of land on which to build.

Those “property pirates” will want a huge price for their “commodity” which is a parcel of land. Faced by the land price that is now out of control, young couples will probably look at renting a

place, and even that may be a very big hurdle.

Today we see how efficiencies in the building trades can build a good house for around \$150,000 to \$180,000 and there are pre-packed houses built in China to Australian building standards coming onto the market at \$75,000 - \$100,000 fully assembled with all furnishings and white goods, kitchen-ware and media items installed. But if you can’t get a piece of land to build it on, because of the prices requested by the “property pirates”, what can you do?

There are a few quite fair minded and reasonable land-owners who could offer a land lease arrangement, but why not the government which is elected, supposedly, “by the people, for the people”. Any government of whatever political persuasion has the capacity to adopt the tax reform that will generate building sites based on land value taxation. Provided the elected officials understand how the “property pirates” currently rort the system, they can take charge of the land question and remedy this situation over a ten-year time frame.

The first major political party that decides it wants to govern the people for the people’s benefit, ahead of the property pirates, will find the going tough. However, take a leaf out of the way Hong Kong and mainland China operates and you’ll soon see why the Chinese are now es-

tablishing the new “Asian Empire”. In China, the government controls the land and also the issue of credit (i.e. their money supply) with thanks to the person who had a lot to do with the formation of the modern Republic of China, Dr Sun Yat-sen.

The Chinese are quite a long way ahead of the USA, Australia, Europe and the U.K. when it comes to understanding the LAND QUESTION. And they of course have a different breed of “pirate” – cadres of the CCP in key positions of power! Perhaps they used Robin Hood as their model. But at least they have their own bank – The People’s Bank of China that operates from 9.00am to 5.00pm seven days a week, unlike our banking system controlled by the international banking cartel whose policies come from the USA, UK and the aristocrats of Europe.

As I reflect on this article I first wrote a couple of years’ ago, today in early 2022 I see that things are getting worse since the “resources boom” went into a relatively short melt-down, before the COVID-19 pandemic took over the planet early in 2020.

What amazes me is that our economic system is really based on wheeling and dealing in stolen property – the land which was occupied for tens of thousands of years by Aboriginal Australians!

Unemployment is now down to the lowest level in almost 50 years. At the same time, we see the Federal and most State governments heavily in debt and wanting to sell off publically owned major assets to try and reduce these debts. No doubt the “property pirates” will be sitting back rubbing their hands as the “fire sale” prices are announced.

There’s a Federal Government election scheduled in 2022 and whoever is elected will be staring down the barrel of government debt currently estimated to be in billions, if not trillions of dollars.

Are there any visionary leaders in Australia who can take on the pirates and start representing the whole of our population?

When will we ever see REAL taxation reform?

Media Checklist

Does Georgism Work Pt 1 (Must read!) - Lars Doucet
tinyurl.com/2fb4zkra

Why Fallinski is Wrong on Housing Supply - Elizabeth Minter, Karl Fitzgerald
tinyurl.com/2p49wuew

Reengineering the Planet - ExTax (1993)
tinyurl.com/2p8xfpj8

ABS - Land and Housing Supply indicators
tinyurl.com/yc2ynwdn

Tenants: Shift in the Balance of Power needed
tinyurl.com/muy2taf8

Submissions required: Land tax exemption for charitable institutions?
tinyurl.com/mr2jz6rh

How land banking slays online games
tinyurl.com/2p8rnz8p

Maori Party wants a Ghost Tax on vacants
tinyurl.com/2ay43tnw

Martin Wolf: The looming threat of long financial COVID-19
tinyurl.com/y89pv6uy

Patent monopolies undermining global vaccination rates - Chelsea Clinton & Priti Krishtel
tinyurl.com/25r4x3ud



**Give a man a fish and he eats for a day
Give a man a fishing rod
and his landlord raises the rent.**