

PROSPER AUSTRALIA

Annual Report



2021 - 2022

President's Message

As President of Prosper Australia, it has been an honour to witness the growing and continued influence Prosper Australia is having on decisions relating to tax policy in Australia.

We continue to be consulted by treasury departments around the country to provide input on land tax policies, such as a switch from stamp duty to a broad-based land tax. This year we were able to provide feedback to the Victorian Government on their Windfall Gains tax, for example.

As you read through the contents of this Annual Report – you'll see how our staff work to proactively keep the conversation heading in the direction of collecting more of our nation's economic rents.

Not only in the many government submissions and reports we produce, but also in our social media advocacy and engagement with members.

In my own work for example – writing for Port Phillip Publishing, with an audience of tens of thousands of subscribers – I always ensure that the core message Henry George and our work at Prosper Australia promotes, is seen as essential to truly understating how the economy works.

This assists us in educating the public, especially as we move into a new election cycle with politicians vying for votes based on policies that promise to push the cost of land ever higher.

It is gratifying to see the extent of our reach – especially considering the challenges of the last two years that presented to us as an organisation.

Resource constraints continue to challenge us. All members of the Executive Committee have an active involvement, assisting staff where possible. As volunteers, they dedicate a considerable amount of time to the management of the organisation.

It was with sadness that Richard Meredith – former secretary – has been unable to continue his work with us on the executive.

Richard has been a valued member of the team and has had great influence in improving the governance of the executive and overall strategy of Prosper Australia's advocacy over the years.

Our call for new executive members, however, has attracted applications from very skilled and highly educated individuals that have considerable knowledge and expertise in the subject of land economics.

This underlines further our continued influence and growing reputation as a leading voice in the sphere of geo-economics.

All our work is only possible through the generous funding and support we receive from the HGFA.

It enables us to continue to make a real difference to the policy narrative in this country – and keep the incredible contribution Henry George has had in the world of economics, alive for future generations.



Catherine Cashmore
President

Staff & Executive Committee



Bryan Kavanagh
Director



Louise Johnson
Acting Secretary



James Webster
Treasurer



Paul Lau
Director



Catherine Cashmore
President



Anne Schmid
Director



Richard Meredith
Outgoing Secretary



Kat Chishkovsky
Director



Emily Sims
Research



Karl Fitzgerald
Advocacy



Jesse Hermans
Policy



Charlotte George
Communications

Our story so far

Our Mission

Our vision is a just and equitable society, created by ensuring everyone who benefits from our land, natural resources and natural monopolies pays a fair rent for their use.

Our Mission is to increase the proportion of economic rent in the tax base, ensuring the unearned income derived from land, natural resources and natural monopolies is fairly taxed.

We aim to remove the excessive burden of taxes from the productive sector, thereby enabling enterprise to flourish and people to enjoy the fruits of their labour.

We aim to educate the community to understand land value, how it arises, how it is monopolised, and how it can be shared for the good of all.



Henry George

Our History

Prosper Australia grew out of a campaign for social reform at the beginning of the 20th century. The idea of taxing land instead of income from labour enjoyed widespread support during the progressive era (1890–1920) with pockets of opposition from landowners. It's champion was the American reformer, Henry George.

Both the conservative and Labor Parties had Land Value Taxation in their policy platforms. We were part of a wider movement for a more equitable society and dynamic economy.

During the dislocation of the depression and war years, support tapered off. However, a dedicated cadre remained enthused. A band of businessmen, including Walter Burley Griffin clubbed together in 1920 and bought a property so the organisation would have a permanent home in Melbourne. A generous benefactor, Edgar Culley, helped to found the Henry George Foundation of Australia in 1928.

Prosper continues to receive most of its funding from the Foundation.

Research

The Rezoning Honeypot: Evidence from Fishermans Bend

Emily Sims & Jesse Hermans

This research examined the circumstances surrounding the rezoning of Fishermans Bend, a 240-hectare brownfields precinct adjacent to the Melbourne CBD, that provides for a simple quasi-experiment to quantify rezoning uplifts.

The report provides evidence of rezoning windfalls from planning uplift, and considers potential value capture mechanisms.

This work played a role in building on the evidence base to support the Victorian Government's proposed (and now enacted) windfall gains tax.



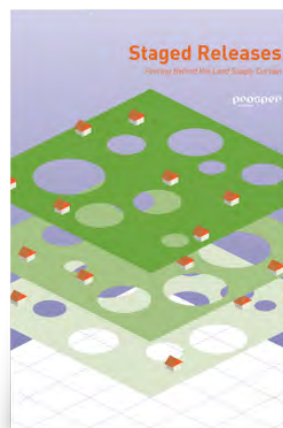
Staged Releases: Peering behind the land supply curtain

Karl Fitzgerald

In this report we ask whether the private choices of property owners to supply new housing according to market conditions works against the stated public policy outcome of supply-driven affordability through rezoning.

We investigate the rate of lot sales in nine major master-planned housing developments in three states.

We find after an average 9.5 years of production time, these Master Planned Communities (MPCs) still held 76.2% of their land bank vacant across all forms of permitted housing



Submissions

Prosper continued leverage formal engagement opportunities in 2021, making a number of significant submissions to State and Federal inquiries.

Victoria Treasury – Submission to 2022–23 Victorian Budget

Our regular annual submission to the Victorian Treasury this year continued to focus on improvements to the existing state land tax base, as well as direction for more broad based and holistic reform.

We also advocated to coordinate existing state planning, transport and housing institutions into a single Urban Redevelopment Authority to rationalise and coordinate land value capture and ground leasing opportunities. We also provide policy analysis and suggestions for addressing the ongoing regional housing crisis.

Federal Parliament – Inquiry into housing affordability and supply in Australia

Parliamentary inquiries into housing affordability are often a political formality in Australia, and this inquiry's inherent narrow focus on supply was no exception. We used this opportunity to highlight that land supply and zoning are not the *main* barrier to housing supply. Rather we focus on the inherent monopolistic structure of private land markets and how they inherently fail to deliver more housing by design. Prosper defended land based taxes and advocated for their expansion.

Minister for Consumer Affairs – Property Market Review

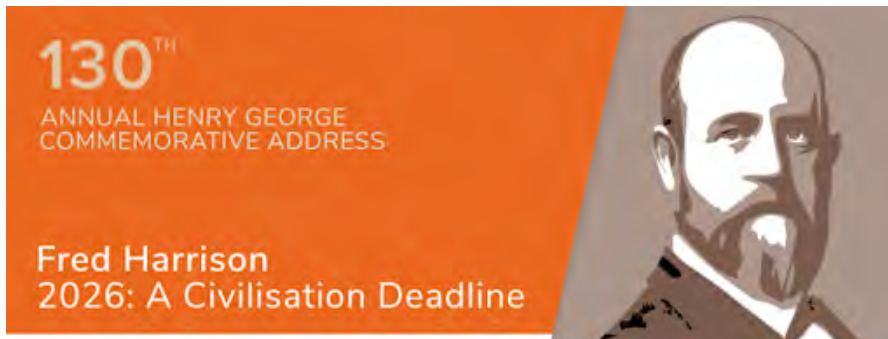
Our submission focuses on concerns surrounding both the privatisation of real estate data, the inaccuracy of statistics and the practice of staging lot releases in large, master planned estate developments. We highlight the barriers high costs of paywalled, privatised data has on housing market research which directly impacts us and advocate for public interest access. As well as considering the issues of speculative vacancies on vacancy data, the impact of staged releases on consumers, and idiosyncratic issues in apartment markets.

Prosper also appeared at two Parliamentary inquiries:

Inquiry into housing affordability and supply in Australia. We presented at the inquiry, where we testified evidence and views that baffled the chair whilst attracting interest, making contact with and informing some of the other committee members.

Inquiry into Australia's oil and gas reserves. We presented evidence and answered questions regarding our past submission. Our voice added to numerous others highlighting the flaws and rip off Australia gets out of these natural resources.

Events



The **130th annual Henry George Commemorative Address** was held via zoom.

Fred Harrison developed the reasoning from his #WeAreRent trilogy. A video of the address as well as a transcript can be found [here](#).

Participants logged in from around Australia and the world. While we hope to resume our traditional dinner format at the Kelvin Club, we will endeavour to retain an online event. The below five events we held to advance Georgism and our mission.

May

Prosper talks Vic
Budget 2021

September

Fred Harrison – 2026: A
civilisation deadline

June

Report Launch – The
rezoning 'honeypot'

November

Webinar – Windfall Gains
Tax: Behind the Scenes

July

Webinar – Has NSW
discovered the holy grail
of transport funding?

Advocacy

Prosper believes that knocking on the doors of power, especially when we offer timely and relevant policy input, is an important part of increasing public awareness of Georgism.

These meetings are a means of making ourselves known, and putting ourselves in good standing with those who are best placed to implement our ideas across society.

TALKS & PRESENTATIONS

New Economy
Network Australia
(NENA)

NENA Housing Week. Prosper was invited to give an overview of the housing crisis in Australia on a panel with Ascc. Prof Louise Crabtree-Hayes (UNSW) [Recording](#).

MPavillion talks

Lost Property: The Challenge of Uncovering Vacant Residential. [Recording](#).

Planning Institute of
Australia (PIA)

PIA VIC Briefing: The Windfall Gains Tax Explained with Dr. Marcus Spiller (SGS), Brendan Coates (Grattan), Cameron Murray (UniSyd) and Paul Shipp (Urban Enterprise). This followed consultation from PIA when formulating the planning peak body's response to the tax.

Affordable Housing
Development &
Investment Summit

Vacant land and housing – the forgotten supply side factor. Presented to some 60 people via zoom.

Planning Institute of
Australia (PIA)

PLANET Professional Development Course – The taxing question of land and property – what planners need to know about land & property taxation Prosper was invited to offer a CPD course through the Planning Institute of Australia.

University of
Melbourne: Economies
of Cities & Regions

Dr. Hyungmin Kim (Urban Planning) invited us to present at one of his lectures (on land value capture) as a guest speaker.

New Economy
Network Australia
(NENA)

A tax shift for our future – Workshop. Parallel session on the role of government in the New Economy. Focussed on describing and getting feedback on the Tax Shift framework. [Recording](#).

Media

This year Prosper has made a number of appearances in finance media and more specialised media.

This consistent output and coverage in the media was possible thanks to the generous additional funding for a Communications Manager received by the HGFA. Online and print:

- The Australian Financial Review (May, November 2021)
- The Fifth Estate (April, July 2021, February 2022)
- Bloomberg (August 2021)
- Independent Australia (August, November 2021)
- Crikey (September 2021)
- Geelong Advertiser (November 2021)
- Pearls & Irritations (December 2021)
- The New Daily (February 2022)
- The Urban Developer (March 2022)
- FriendlyJordies (March 2022)

Australian Progress – Economic Media Centre

Prosper continues to benefit from our participation in the Economic Media Centre.

This year, we leaned on the Centre to help us pitch pro-rezoning windfall stories to regional media outlets. They help us to translate our jargon heavy media releases and op-eds, refine our topline messaging, and contact journalists.

The Centre is focused on changing the mainstream narrative on housing affordability. They have undertaken media narrative analysis and found that too often housing issues are framed as the inevitable consequence of “runaway markets.”

They have established a Housing Affordability Speaker Bureau and will be providing us with further media training and help pitching housing related stories.

Our aim is to never again see the words “passed straight through to homebuyers” in relation to a land-based tax.

Communications

This year we've been able to resource a communications manager role for 6 months. The additional funding allowed us to:

- Develop and run comms campaigns for each new research report
- Support team to produce high-quality, effective, and targeted communications across all Prosper's outputs, ensuring that all external communications are in line with communications strategy and organisational goals
- Developing and distributing content that furthers public understanding of Georgist economic principles
- Increase website traffic and engagement
- Monitoring and responding to emerging news cycle

Video content

We were able to leverage our comms manager filmmaking skills to produce a number of static videos for our website and social media



Renegade Economists

After 11 years, and 601 shows, Karl has dropped the mic. The Renegade Economists radio show ran from September 4th, 2007 to November 24th 2021 on Melbourne's 3CR radio. Karl decided to wind the show up after feedback dwindled. The show had some memorable interviews with leading Georgists from around the world and for most of the last decade was the top membership attractor. Highlights can be found here.

Progress Journal

We have published two editions of Progress in 2021/2.

Recent editions are posted online. The editor would appreciate original articles you may have on current issues.

Victoria's rezoning windfall gains tax

“

The 'rezoning honeypot' has led to some very poor planning outcomes and shady dealings. For example *Fishermans Bend 1.0* and the John Woodman / *City of Casey* debacle. Prosper has urged action on rezoning *giveaways* for many years.



The Victorian Government blindsided everyone with the announcement of a Rezoning Windfalls Gains tax in the May 2021 budget.

As key proponents of this kind of tax on land value uplifts generated by planning change, Prosper became a visible and vocal advocate for the tax which was fiercely resisted by the property industry.

The team immediately updated our static web content to include a landing page for Rezoning Windfall Gains. We produced commentary and explainers, which were also made available to the press.

Our communications working group set about producing shareable, graphic content for social media channels.

We produced a 40 second video for facebook advertising. This video reached 2000+ users, generating 400+ clicks and 60+ reactions (likes, comments, shares).

Prosper put out several media releases, including strategic targeting regional papers. (May 19, June 30, Oct 12, Oct 30, Nov 16)

Emily co-authored an op-ed with Gerard Lind of SGS which was published in Fifth Estate.

We engaged and consulted extensively with over 6 key cross-benchers and their advisors to advocate for the tax, as well as amendments to potentially improve it.

This was crucial in providing a counterweight to industry lobbying and fear mongering over the introduction of the tax.

We produced a briefing note for policymakers to better understand the issues surrounding the tax. We provided a side-by-side comparison of ACT Lease Variation Charge, the model under development by Victoria DTF, and the alternative scheme proposed by the Urban Development Institute of Australia.

Towards the end of the campaign there was considerable confusion about the tax base. We worked with a graphic designer to develop an infographic explaining (or attempting to explain) why the tax would not halt development. This was included in a dossier sent to government MPs.

TAXING REZONING WINDFALLS, NOT DEVELOPMENT

I can borrow and repay \$500k for a house



\$500k sales price
- \$250k (costs & profit)
= \$250k I can spend on land



Total land value of 4 blocks = \$1m

DEVELOPING LAND THAT IS ALREADY ZONED

Developer buys land from landowner



4 blocks at \$250k each = \$1m

Developer is landowner



Note: Developer profit is 20% of costs = \$50k per dwelling

DEVELOPING LAND THAT REQUIRES REZONING

LANDHOLDER INITIATES REZONING (WITH NO TAX)

Developer buys/owns non-developable land



Developer lobbies government for rezoning



Developer now owns developable land



Rezoning uplift is \$600k
- \$50k costs
= \$550k (windfall)

LANDHOLDER INITIATES REZONING (INCLUDES 50% TAX)

Developer buys/owns non-developable land



Developer lobbies government for rezoning



Developer now owns developable land



Developer pays 50% tax on windfall, which they can defer until sale of land/properties or for 30 years max.



Rezoning uplift is \$600k
- \$50k costs - \$300k tax
= \$250k (windfall)

REZONED LAND CAN NOW BE SOLD...



...OR DEVELOPED



Tax paid upon sale of land

Tax paid upon sale of property

H = Homebuyer, D = Developer, L = Landowner, DL = Developer who is the landowner G = Government

* All figures used are for illustrative purposes only

prosper

Treasurer's Report

Overview. In 2022, Prosper made a loss of -\$10,522 compared to a \$12,843 profit the previous year. In the previous year we received a ~\$22k Cashboost Stimulus refund from the ATO. The pandemic assistance was discontinued this year. Additionally, in FY 2022 we corrected the long service leave for both Emily and Karl which was under-accrued in recent years (exaggerating the loss in FY 22 and overstating the profit in FY 21). This oversight was mainly a result of changing accounting systems.

Savings. As per 2021, we saved money on travel, conferences and the Henry George Dinner, whilst simultaneously investing more in remuneration for our team.

Other income was generally inline with expectations, exceeding budget by \$1,100. By selling tickets to the Henry George Dinner we boldly encouraged attendees to see their ticket price as a contribution to our ongoing work, in lieu of receiving dinner – this resulted in \$2100 in additional revenue.

Bookkeeping. As anticipated, we spent ~\$5,800 outsourcing our bookkeeping to free up staff for research and propagation work. This cost-benefit was undermined when we switched accounting systems from MYOB to Xero due to unforeseen errors transferring the data between systems. However, it also meant we uncovered some assumptions about GST credits from prior years that needed to be rectified, as well as registering PARI for GST.

Audit. These problems pushed out the audit timeframe considerably, and the planned audit did not take place in FY 2022. A spider's web of previous assumptions about GST credits extra having to be unpicked and re-laid. We will audit two previous financial years during FY 2023, with the auditor due to complete the task in May 2022.

Wages were \$10,000 higher than anticipated including the recruitment of a Communications professional for \$22,000 including on-costs. The support of the HGFA to the tune of an additional \$16,000 greatly helped with this additional resource. We supported our team with a CPI pay increase as well as additional hours.

2023 Budget. We predict a loss of ~\$24k compared with a \$12.4k loss in FY 2022, assuming the same level of funding as last year. We must maintain and extend our outreach and research whilst remunerating our professional team.

Our expenses will rise. We will invest again in professional, effective and salient communication resources, reaching across our many audiences – research communities, governments, media, Prosper Members, aligned organisations and the general public. We will continue to invest in staff Professional Development. COVID permitting, 2023 we will return to conferences and associated costs. The Henry George Dinner, our landmark event, will be in-person.

Prosper will continue its critical growth phase – building on the momentum we have gained within policy circles, aligned-groups and State Treasuries in NSW, SA and VIC.



James Webster
May 2022

Profit and Loss

PROSPER AUSTRALIA (VICTORIA) INC For the year ended 31 March 2022

	2022	2021
Income		
HGFA Grants	209,300	180,000
Memberships	2,760	2,329
Donations	15	(13)
Bookshop	273	273
Events Ticket sales	2,109	-
Misc Income	(5)	205
HGFA reimbursement	-	1,515
Total Income	214,452	184,308
Cost of Sales		
Stock on Hand	-	141
Online payments	130	219
Total Cost of Sales	130	361
Gross Profit	214,322	183,947
Other Income		
Bank Interest	13	18
Interest Income - FIIG Securities	2,448	2,635
FIIG Market Appreciation	3,423	3,031
Recoveries - Postage	-	117
ATO Cash Boost Stimulus Refund	-	21,788
Total Other Income	5,884	27,589
Operating Expenses		
Renegade Economist Radio	362	1,141
Marketing and Comms	7,114	3,467
Other research/reports	2,160	-
Occupancy Expenses	6,278	7,189
Bank fees	146	104
Office Expenses	209	1,898
Subscriptions to Other Orgs	1,437	2,878
Information Technology	2,130	2,711
Depreciation	2,047	317
Executive Expenses	991	1,127
Media subscriptions	2,572	2,670
Travel Expenses	387	130
Progress Journal	6,266	5,188
Salaries and Wage Expenses	197,726	168,972
Conferences & Professional Development	298	72
Bad debt expense	-	631

Profit and Loss

	2022	2021
Henry George Dinner	605	198
Total Operating Expenses	230,728	198,693
Net Profit	(10,522)	12,843

Balance Sheet

PROSPER AUSTRALIA (VICTORIA) INC

As at 31 March 2022

31 MAR 2022

Assets

Bank	28,448
Current Assets	2,211
Fixed Assets	300
Non-current Assets	163,889
Total Assets	194,847

Liabilities

Current Liabilities	15,899
Non-current Liabilities	30,246
Total Liabilities	46,145

Net Assets

148,702

Equity

38000 - Retained Earnings	159,224
Current Year Earnings	(10,522)
Total Equity	148,702

Profit and Loss

PROSPER AUSTRALIA RESEARCH INSTITUTE LIMITED For the year ended 31 March 2022

	2022	2021
Income		
Bank Interest	14	34
Education & Training	1,100	-
Donations	4,651	2,887
Association fees	91	182
Total Income	5,856	3,103
Gross Profit	5,856	3,103
Other Income		
Managed funds	-	703
Total Other Income	-	703
Operating Expenses		
ACT Stamp Duty report	-	9,850
Bookkeeping	286	536
Legal	-	500
Rezoning Honeypot production	860	-
Speculative Vacancies Report	3,000	1,400
Bank charges & fees	65	87
Transforming Transit Project	-	1,336
Total Operating Expenses	4,212	13,709
Net Profit	1,644	(9,903)

Balance Sheet

PROSPER AUSTRALIA RESEARCH INSTITUTE LIMITED

As at 31 March 2022

31 MAR 2022

Assets

Bank	30,472
Current Assets	283
Non-current Assets	22,631
Total Assets	53,387

Liabilities

Current Liabilities	(5,360)
Total Liabilities	(5,360)

Net Assets

58,747

Equity

Current Year Earnings	1,644
Retained Earnings	57,103
Total Equity	58,747

Looking forward

Prosper is planning for success. At our organisational planning day in March, we adopted annual, high-level priorities for the organisation.

We look forward to welcoming a raft of new directors and team members in 2022.

We want our working groups to be meeting regularly across different areas of Prosper including communications, fundraising, governance, and research. We want to provide more ways for our supporters to make a contribution.

OUR OBJECTIVES		RESULTS WE WANT
Double our operating budget in the medium term	More funding for more staff hours and ongoing roles	<ul style="list-style-type: none">• More regular donors• Implement our fundraising plan• Bequests program
Get great people onboard	Renew and expand our board, staff and research committee	<ul style="list-style-type: none">• recruit directors• activate board committees• attract research nous
Trade expertise with a network of policy, think-tanks and academic partners	Increase our rigour and efficacy by networking	<ul style="list-style-type: none">• Identify new partners and build relationships• cooperative research and policy projects
Get the Tax Shift message to Canberra	Policy advocacy project	<ul style="list-style-type: none">• Release tax shift discussion paper• Meet the Treasurer• host a roundtable
Prosper is a go to authority in the housing debate	Making a contribution to Australian housing policy	<ul style="list-style-type: none">• More media coverage• High-quality research• Citations from respected experts

We thank you for your ongoing support

Acknowledgements

Our executive committee farewelled Richard Meredith in March 2022. During his tenure as Secretary, Richard has instigated important reforms to Prosper's governance and the working of the Executive. Richard empowered strategic planning cycles and policy working groups, bringing Prosper's directorship to best practice. He will be missed!

Aside from our hard working executives, we've been supported by incredible volunteers this year.

A big thanks to our webmaster Luke Wong.

Communications Working Group: Lousie Johnson, Liz Minter, James Murray

PARI Research Committee: Leo Foley, Dr. Chris Martin, Darren McKay, Kevin Morrison

We've benefited enormously from the wise counsel of Gerard Lind, Dr. Tim Helm, Dr. Cameron Murray, Brendan Coates, Dr. Terry Dwyer, Joffre Balce and others

Donors: Karl Williams, Fred Auld, Sally Kortekaas, Robert Sharp, David Payne, James Murchison, Richard Meredith, Tony Graddon, Mark Lofts, Carolyn Adams, Julia Murray, Darren Bonker, Warwick Archer, Jaron Fisher, Dom Gilligan, Matt Godwin, Luke Wong and many others



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