

Land lunacy being encouraged to get in others' way

by Karl Williams

Imagine you've just bought a brand new car, with all the bells and whistles. It cost \$60,000 and still has that new car aroma when you step inside. Except you don't step inside – rather, you leave it in the garage, completely idle. And it doesn't sit there unused for days or weeks, but for months.

Imagine now you're a businessperson, proprietor of your own printing firm. You've kept that old banger of a printer going for over ten years but escalating repair costs and maintenance time mean it isn't worth keeping. Replacement printers have awesome advances in technology and, after a lot of research, you lash out more than your accountant thinks you

can afford. Yes, you've spent nearly half a million dollars on the ultimate boy's toy from Germany, and finally the container from Port Melbourne is delivered to your premises. After hiring a portable crane, the new printer is moved into position after which it just sits idle for months with the timber, padding and shrink wrap still in place.

Why does such behaviour seem so absurd when the basis of our economic system that of, literally, idle speculation in land? Why do we blindly accept urban land worth untold millions can be devoted to growing grass and thistles?

Our tax system has duped us. Because tax-funded infrastructure and rising population inevitably boosts the market price of land, a land holder knows they can sit on their plot and get rich on the back of others. For every land speculator who gets something for nothing, someone else is getting nothing for something. Society in general is getting ripped off because we have to pay punitive taxes on honest work because the natural source of public finance – land value taxation – is strictly overlooked.

Land hoarding is a totally destructive – and rarely-identified - phenomenon. If you collect and speculate upon works of art, the only people who'll suffer from your gain are those who are forced to bid

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more for what you've collected. But land kept vacant or underused by speculation, gets in the way of productive endeavor. We have to travel around and past this obstacle. New suburbs are unnecessarily pushed out to urban fringes, and all sorts of infrastructure (roads, pipes, cables) have to leapfrog over it and stretch out to distant need.

The photos here say it all. They were recently taken on the major arterial Ferntree Gully Road in Scoresby, 25 km south-east of Melbourne's CBD. The city's sprawl is now reaching absurd levels – the boom suburb of Pakenham is 56 km south-east of Melbourne. We should be making better use of land closer and zoned for development before pushing people, businesses and infrastructure out to such distant locations

There are literally hundreds of hectares lying idle for decades in this Scoresby industrial estate. I suspect the opening 5 years ago of Eastlink, providing rapid access to destinations north, south and west, might have given the landholders the gentlest of nudges to cash in this now-accessible and valuable land.

But such is the brazen attitude to holding land out of production for speculative purposes that the billboard urges buyers to commit the same economic sin themselves and hold land idle in the pursuit of unearned gains.

Our academic institutions have become so intellectually flabby and perverted with neoclassical economic absurdities that this 500-pound gorilla just sits in the corner without anyone questioning it. We desperately need a geoist tax shift that would stop 'fining' business for producing wealth and employing people. And the flipside spur to productive activity is an annual site rent makes it impossible to waste an essential resource such as land because, whether you properly use land or not, you still have to pay your dues.

Shameless billboards like this demonstrate that the 500-pound gorilla is not just sitting in the corner, but is eating all our bananas and crapping on the carpet too.