

Editorial

Lockdown - everything stops but the rent! At just the time our economy is slammed shut and the billions thrown at job-keeper and job-seeker continue to ebb their way through the economy, the Australian property market has boomed. COVID payments have flowed straight through to meeting the entry cost to life on earth - the rent. The public purse has effectively placed a floor under land prices. Compounding this, lower interest rates have turbo charged the situation.

But Australia is not alone. In fact we are 13th in terms of land price inflation during COVID's first year. Pandemic aid has brought into stark reality what 'The End of History' delivered. A world that protects property owners at any cost.

The nature of continuous lockdowns exposes how fragile our economic system has become. The post-manufacturing era has hollowed out the nation's economic resilience, implying government must incentivise housing at whatever the cost to pump prime the economy.

Following the Victorian budget's surprise announcement of a *Rezoning Windfall Gains Tax*, something we have lobbied for over many years, we have been busy with Treasury meetings. Emily Sims takes us inside the deflections the property lobby are trying to insert into the legislation, in her piece *The Case Against a Windfall Gains Tax*. We have also been in regular discussions with NSW Treasury regarding the replacement of Stamp Duties with Land Taxes. Additional civic duties included an appearance at the *Oil and Gas Reserves Inquiry*, for which the Hansard copy is included. Therefore - apologies this edition is a little late.

Cameron Murray's insights on why trickle down housing supply fails to deliver affordable outcomes are highlighted in his article on *A Housing Supply Absorption Rate Equation*. This is material we must understand - revealing how the prevailing 'point in time' supply analysis inherent in static modelling needs an urgent update to include dynamic modelling *over time*. The growth in both land values and 'density potential'

influence land and housing supply releases. This is timely as the Federal *Housing Affordability and Supply Inquiry* is upon us. The property industry are set to blame government for all as a distraction from their profit maximising behaviour.

We recently hosted our *130th Annual Henry George Commemorative Dinner*. Over 140 people attended via Zoom to hear Fred Harrison present *2026: A Civilisation Deadline*. The transcript reveals some key learnings on the comparative political disparity between Henry George's time and ours. The need for a new values based language has been debated for many moons, with the pursuit of the perfect terminology still entrain. Fred proposes a better use of location, perhaps a location levy? Prosper's pressure point is the need to straddle the political momentum and relative acceptance of Land Taxes (as per the above 'live' reforms), with the need to broaden its appeal such that we can capture all of the rent. NSW Treasury recently conducted a poll where it was found the majority of the 5000 plus people were in support of replacing stamp duty with land tax.

I know some of you will be frowning at the need for Land *Value Tax* to be retained as a key term. Stalwarts such as the late-great Dr Robert McAlpine (RIP) would remind that 'value' was inserted as a reminder that astute property assessors will find a market valuation of a site more in line with the actual earning capacity of a site. The over-inflated market price of land is regularly associated with purchasers bidding on 'expected future capital gains'. An LVT will act as a counter-weight to any such behaviour, as savvy investors lower their bid by the annual cost multiplied by 20 years.

These are some of the challenges we have to weigh up. But there is so much more going on, as our media checklist (p18) reflects. In October we will be celebrating the 600th episode of the Renegade Economists. Whilst the housing market remains inflated, we know that many people in lockdown are feeling deflated. Take care of yourselves. Feel free to reach out for a chat, Karl.