

## The W.A. Dowe Memorial Lecture 2012

### “The ACT Land Rent Scheme- Progress and Possibilities”

*A speech delivered by Ron Johnson, Secretary, Association for Good Government ACT Branch, at Redfern NSW, 24 March 2012.*

Ladies and Gentlemen,

Thank you very much for attending this talk today to honour our former leader Mr. W.A. Dowe and to hear about the ideas of Henry George with particular reference to the ACT Land Rent Scheme, the progress of that scheme so far and future possibilities. Thank you also to the NSW Association for Good Government for inviting me to speak and for facilitating this Seminar.

I'd like to start by acknowledging the traditional inhabitants of the Redfern area, the Gadigal people of the Eora Nation, the vast majority of whom very tragically died during the first few years of European settlement in this area as a consequence of a Small Pox epidemic and the conflict associated with the take over of their traditional land.

Unfortunately, I did not have the honour of meeting Mr Arthur Dowe, a man who served this movement as the Director of the NSW (later Australian) School of Social Science from 1937 until 1982. I have learned from Richard Giles, the current Secretary of the Association for Good Government, that Mr Dowe was a great and very wise teacher. The breadth of Mr Dowe's service demonstrates a life time of discipline and devotion to public education in the ideas and principles enunciated by Henry George.

In 1997 I obtained a copy of one of Mr Dowe's Publications titled, *“True and False Economies and The Political Implications.”* described as “a manual for Teachers and Students and all who wish to understand Society and Poverty”. This is a book that I have returned to quite a number of times over the past fifteen years and each time I have found new insights into social justice and political economy.

Mr Dowe's book encompasses a very broad range of topics, social issues and themes. It is a great resource for understanding the fundamentals of Georgism but also for moving on to more advanced study. One theme in particular in Mr Dowe's Manual that I am glad caught my eye recently is his reminder that all people and all classes would be better off through a peaceful move to a Georgist system. That is, a system that respects our equal rights to use and enjoy the Earth and to own the full product of our labour. Mr Dowe's point being, that the true interests of all are harmonious.

In keeping with this theme, Mr Dowe cites a quotation from Vinoba Bhave from India (who was a great friend of Mahatma Ghandi and the instigator of the 'land gift' movement that resulted in 4 million acres of land being donated from India's wealthy land owners to the poor through the 1950's and 1960's). The quote is as follows:

*“The good of all is contained in the good of each. It is impossible for the real interest of any one person to clash with those of others. There is no opposition between the*

*interests of any one community, class or country. The very idea of conflicting interests is mistaken; one man's interest is another's and there can be no clash. But if we look upon evil as our good, and consider that our welfare consists in what is really injurious, then our interests will come into conflict. If I am intelligent and in good health, this fact is in your interest. If I get water when I am thirsty, it benefits not only me but you also. If we imagine that our interests conflict, it is because we have a false notion of what constitutes our interests."*

So looking again at Mr Dowe's work reminded me that it is very important for Georgists to educate others that the new prosperity that we propose is a win-win for both those who are currently oppressed by land monopoly and those who are enabled by our morally corrupt system, to collect unearned wealth.

Our idea of good government involves a just system of income distribution, through a realignment to properly reward the productive effort and skill of those who live by their labour. Yet, we also aim to promote an understanding of the common interests held by labourers, capitalists and landowners as a means to progress economic relations and to enhance co-operation and general prosperity.

But our current troubles and social problems will very likely increase to the extent that we give in to the temptation to attack the individuals or corporations, who benefit (or appear to benefit) at the expense of others, through their private collection of the economic rent of land.

Instead, we need to educate people from all different walks of life about what is wrong with our *system* of private property in land and convince them that a Georgist approach presents a far better alternative. It is particularly important that we don't shun or exclude people who hold economic privileges (including monopolists, developers, mining billionaires, real estate investors, bankers and shareholders) from also hearing our message: that the rent of land belongs to the community in common.

Mr Dowe describes Economic Rent as "nature's masterpiece, the most spectacular, beautiful and beneficial of all the wise features of the economy." He adds that:

*"...those who will most benefit from substituting rent for taxes are the poor who will be re-inherited into a free and normal society. But all classes, including the present rich who unjustly take the rent as their private incomes, will benefit immeasurably by the restoration of a just and honest community."*

Mr Dowe also elaborated that it is through "determined and purposeful reading" not by attacking private rent collectors, that we can secure victory. He writes:

*"The rarity of sincere and determined study of genuine ethics and economics is the most fatal vacuum in our present-day society."*

So the message from Arthur Dowe is consistent with the message from teachers like Jesus Christ and Henry George. The way to bring about justice is through love. Those who are unjustly privately appropriating the rent of land can and must be inspired through education and through peaceful and loving means to render that rent back to the community, via democratically elected government. The revolution that we seek

can arise from the spiritual transformation of people to a point of making a sustained practical commitment to building a society and government consistent with the ideas of love thy neighbour, the Golden Rule, equal rights and equal opportunities.

Developing this theme further, Mr Dowe later adds:

*“True revolution takes place first in individual minds and then in the collective mind as part of the process of dialectic, i.e. discussion and argument, which is the first essential for social progress and which leads to knowledge. Violence puts a temporary stop to it. In other words, revolution is a process of thought. Examples of it are Copernicus’ and Galileo’s astronomical discoveries, Harvey’s study of the circulation of the blood, and the Physiocrats study that economics is governed by the natural law. All these were revolutions in the mind, and have in truth ‘revolutionised’ the world, although the enlightenment has not yet prevailed in the social sciences.*

*So far from it being true that the French Revolution commenced with violence in 1789, the violence which commenced in that year put an effective though temporary end to it. But it revived, not only in America but in many countries. It commenced in France long before 1789 with the revolutionary thinking, discussion, writing and new knowledge of the Physiocrats, Encyclopaedists, Rousseau and Voltaire.”*

If we continue our job of education well, the privileged and unprivileged, the wealthy and poor, will one-by-one step forward to join our call for justice. Properly realising that a just economic system would improve the quality of life for all people, they will then support the legislative reform required to bring to practical effect government appropriation of land rent and the abolition of taxation.

The history of the Indian ‘land gift’ movement and indeed the great support from rich and poor alike that Henry George himself was able to garner, offer more than a hint of what may be possible if we continue to strive to enlighten ourselves and others about the truth and power of George’s ideas. This is a sacred journey that for many of us necessarily involves faith in God or a Higher Power of our own understanding.

The late Honourable Clyde Cameron recognised the spiritual dimension of our quest when he said in his 1984 speech, *“How Labor Lost its Way”*, that it is the work of our Georgist schools of “philosophy and economic thought that will one day make it possible for Christians to truly say, ‘Thy will be done on earth as it is in heaven’”.

I agree with Henry George when he states in *The Condition of Labour*, his belief that the great reform that we seek can “be carried by nothing less than the religious conscience.” Though, I would add that our cause will benefit from the spiritual progress of any person, including equally those outside of organised religion.

However, Arthur Dowe strikes a note of caution about the other side of religion. That is, the use by some, of religion as a means of herding people and making for an obedient flock. He writes:

*“But taxation is State-ism, the subordination of the people to the State... Those well-meaning, often religious, people who see taxation as moral, and paying taxes as a social and religious duty, and regard tax-avoiders as sinful or anti-social, should*

*think a little more deeply and see taxation as it really is.*

*Incidentally the common belief that taxation is enjoined by the teaching of Jesus Christ, “render to Caesar the things that are Caesar’s”, is mistaken. ‘Render’ means ‘return’ or ‘give back’, not ‘pay’ or ‘give’. The plain meaning of the saying is ‘Give back to the government what belongs to the government, not what belongs to yourself’. It is far more in harmony with the spirit of the saying to interpret it as advocating the payment to the government of economic rent...”*

Now stepping back a year from my earlier reference to the violence in France of 1789 to the violent European invasion and settlement on this continent in 1788, many people in the audience today will have some familiarity with the Australian experience and the struggle that our collective consciousness has had with myriad aspects of the land question, immediately from that point of European settlement and every year beyond.

On the first question of Aboriginal land rights, I do not think it is sufficient for us to assume that the many tragic consequences of European settlement for the Aboriginal and Torres Strait Islander peoples could necessarily be properly addressed by us simply declaring that, like everyone else, Indigenous Australians must now have an equal right to use and enjoy this land, via our proposed fiscal reform. Equal rights may well be where we logically end up, but I think that in the case of our Indigenous brothers and sisters, we need first to listen very carefully and thoroughly to what they say is needed to ensure that we respect their wisdom about how to live in this land, how to heal our wrongs and how to justly and peacefully co-exist.

An example of this wisdom (albeit perhaps partly on a lighter note) arises from a case that has been in the Canberra media for the last few weeks. A young man, a student of Industrial Design at the University of Canberra, by the name of William Woodbridge, fed up with the high rental charges faced by students, has built himself a raft with a tepee and has been residing in this new residence in the middle of Lake Ginninderra for around six weeks.

The ACT Government has asked him to remove the raft by the end of this month and have offered to help him find accommodation on land. Failure to comply risks a fine of \$3,300, which would equate to quite a hefty rental charge of around \$400 per week for camping on the water. But now an unexpected twist has occurred. Community support is starting to build behind the young man and his novel solution.

Further, a local Aboriginal Ngambri Elder has granted the young man an authorisation certificate granting permission for him to live upon Lake Ginninderra or any other lake, estuary or wetland he may choose to suit his needs in Ngambri country. The support from the local Indigenous Elder has now made it very difficult for the ACT Government to fine the young man.

This is an interesting case that will be difficult for the government to resolve, (this year being an election year), if Mr Woodbridge decides to keep his tepee afloat. Later in this talk I’ll look at the question of whether the ACT Land Rent Scheme introduced in 2008 could possibly help with the problem of very high accommodation costs for students and indeed for ACT citizens generally. Before doing so it is useful

to first examine some of the ethical, historical and political-economic context from which the scheme was launched.

The idea of paying land rent to government has been a feature of European settlement and political controversy in Australia in many different ways since 1788. In his brilliant book, *Canberra in Crisis*, (published in 1971) Frank Brennan explains that the “Canberra leasehold system is a natural child of the history of Australian land settlement.” Though he explains that this owes much more to the “first principle of English land law that all the land of a British possession belongs to the Crown...” than it does to the Biblical injunction:

*The land shall not be sold in perpetuity, for the land is mine, and you are but strangers who have become my tenants. Leviticus, CH. 25, V.23*

Writing of the early period of Crown Grants (1788-1830), Mr Brennan states as follows:

*“Governor Phillip had initial instructions to make grants of land to convicts who had served their sentence (emancipists) but additional instructions directed him to make grants to free immigrants (if there were any) and to marines who cared to stay in the colony. The maximum grant to emancipists was to be 30 acres, with an additional 20 acres if married and 10 acres per each child. The marines fared better.*

*‘... to every non-commission officer one hundred acres, and to every private man fifty acres over and above the quantity directed...to be given to such convicts as may hereafter be emancipated or discharged from their servitude.’*

*Free immigrants were to receive the same grant as non-commissioned officers. All grants were free of taxes, fees and quit rents for the initial period of 10 years but thereafter an annual quit rent of one shilling for every ten acres was payable.”*

The story of Australian land settlement arrangements by the time of the latter half of the nineteenth century is a story of increasing monopoly control by a small number of wealthy landholders, many based in Britain. This was met with frustrated attempts by colonial governments to legislate to break up large estates by promoting free selection. As the Colonies moved into a period of economic depression post-1870, widespread radical support grew firstly for land nationalisation and subsequently for the social justice and land value taxation ideas of Henry George.

The colonial trade unions particularly and to a major extent also the early Labor Party, embraced the land reform ideas of Henry George, culminating in the Fisher Labor Government establishing the *Land Tax Act* in 1910. Mr Brennan writes:

*“This was a tax on the capital unimproved value of land. It was putting into practice the method advocated by Henry George of securing the rent of land for public purposes and at the same time destroying or weakening the system of private land ownership. George’s aim was to convert freehold tenure into a kind of rent paying leasehold. The Land Tax Act 1910 thus gave expression to political ideas on land tenure currently popular.”*

Up until 1910, the Commonwealth was funded primarily through indirect customs and excise duties. The new land tax applied in a graduated way on all land owned by absentees and applied only to land valued above 3,000 Pounds for non-absentees. According to the official history of the Australian Taxation office:

*“The first land tax return forms were issued in January 1911... Landholders complained bitterly...said it was a bad tax that would drive pastoralists from the land and bring ruin to the nation. British land holders said that the tax would force them to take their capital out of Australia and invest it somewhere else...”*

In the ensuing years and decades, the Commonwealth Land Tax was subject to ongoing legal and political challenge, was gradually watered down and finally abolished in 1952 by the reactionary forces within the Menzies Liberal Government. No doubt, this was much to the disappointment of the remaining true liberals in the Liberal Party at that time.

From 1915 (initially to assist with Australia’s participation in WWI) the *Income Tax Assessment Act* had also begun to operate and soon overtook the Land Tax as a source for revenue. By the end of the 1920’s the two biggest revenue raising taxes were Income Tax gathering around 10 million Pounds per year and Land Tax around 3 million Pounds per year. Of course the rise of the Income Tax required a massive increase in the number of Australian Taxation Office employees and in the complexity of their work.

The Leasehold system in Canberra commenced operation in 1924 with the first sale of leases within the city area for periods not exceeding 99 years. As Leo Foley of Prosper Australia (now an Alderman on Hobart City Council) has stated in his excellent summary, the basic provisions of the system were:

- an annual rent of 5% of the unimproved value of residential, commercial and industrial land;
- the value of the land to be reappraised after 20 years;
- The construction of a building, in accordance with the lease, was to be commenced within one year and completed within two years of the granting of the lease.

The weakening of the leasehold land rent system began almost immediately. There were many disputes about valuations, complaints about compensation and concerns about the relatively higher land prices encountered by people needing to move interstate from the ACT. This type of conflict led to administrative and rules changes over the years that allowed land speculators to get a foothold in the system.

There was also the general problem that a 20-year re-assessment period was far too long to properly capture rising land values. Then, from the 1950’s onwards the Commonwealth Government was criticised for both restricting supply of land and raising increasingly high up-front premiums for new blocks.

Finally in 1971 Prime Minister John Gorton effectively abolished the leasehold system by cancelling land rent payments and the 20 year re-appraisal of land values arguing that the income lost through the abolition of land rent should be made up by

increased rates. From that time Canberra has really had a pseudo freehold land tenure and trading system and now we have among the highest land prices in Australia and a mammoth problem with housing affordability. Rising land prices continue to drive an ever bigger wedge between the privileged and the unprivileged in Canberra and nationally.

We have serious and widespread social problems in Australia, including in Canberra, and many of those social problems emanate from the high price of land and consequent insecure shelter arrangements. However, it is worth putting some of these 'First World' problems in a broader context.

The United Nations Universal Declaration of Human Rights of 1948 states that "Everyone has the right to a standard of living adequate for the health and well being of himself and his family, including food, clothing, housing. Despite this, according to Habitat for Humanity Australia:

*"...globally, 1 billion people live in inadequate housing, with over 100 million people living in conditions classified as homelessness. More than 500 million people currently live in slums in the Asia-Pacific region..."*

These problems co-exist with a lack of clean water and adequate sanitation leading to devastating health impacts of an overwhelming magnitude.

Turning back to our local situation, according to ACT Shelter a housing policy advocacy group, around 105,000 people nationally are homeless on any given night and around 1,360 of these folk are in Canberra. They also point out that:

- Housing costs have increased 63 per cent in Canberra over the last six years.
- In 2007, 40 per cent of low income private renters in the ACT were in housing stress and just over 40 per cent of low income mortgage holders in the ACT were in housing stress.
- Despite the median household income in the ACT being significantly higher than the national average, for low and moderate income earners (such as nurses, police and childcare workers) housing continues to become less affordable.
- Housing affordability in Australia is the worst in the developed world. For example, in Canada the ratio of wages to house prices makes houses one half as expensive as here.
- In the ACT it now takes 6.2 times the annual average income to afford the median house price- in 2001 housing was just 3.4 times the average annual income.
- Private rents in the ACT are among the most expensive in the country.
- Rental vacancy rates are the lowest in the country- 0.7 % compared with 2.8% in Melbourne in June 2011.
- 8.5% of households in the ACT live in Public Housing, charged 25% of their income in rent.

And the statistics go on... all of them reinforcing the idea that wages have not been able to keep pace with land price increases- exacerbating injustice, hardship and suffering for those trying to afford housing and live on wages or welfare support.

Just the other day, The Editor-at-Large of *The Canberra Times*, Mr Jack Waterford wrote an article decrying the demise of the ACT Leasehold system. He wrote:

*“Once Labor- and Liberal- politicians would promote the leasehold principle. It is how the Duke of Westminster, who has London on Freehold and leases it out, is Britain’s richest man. Such is ACT political competence that, unlike the duke, it is rapidly devaluing its asset for instant money by selling off as much land as possible, for the highest possible prices.*

*A city that could boast, in the days of that great Laborite Robert Menzies, that it made land available to workers at a price lower than anywhere else now takes a perverse pride in having some of the most expensive land in Australia. What a 100<sup>th</sup> birthday present for Canberra from Labor.”*

The Association for Good Government ACT Branch made a similar point in our 2010 submission to the ACT Taxation Review, stating:

*“The ACT Government has reported that it generated \$166 million in revenue from land sales in 2009-2010. Ongoing land sales have delivered a short-term boost to the budget bottom line. However, unless the government moves to collect the full site rental values of all privately held land in lieu of taxation, then the birthright of our children and future generations to use and enjoy land on equal terms and to own what they have worked for, will be subordinated to the misguided interests of a privileged minority.”*

But just when our relationship with land seemed to be at an all time low and land prices at an all time high- the idea of Land Rent has re-emerged into public policy and public consciousness through the ACT Land Rent Scheme introduced in 2008 and also at the federal level through the Recommendations of the Henry Review into Taxation released in May 2010. Henry proposed an increase in the rate and breadth of land value taxation and an increase to revenues derived from mineral resource rents. Land rent for public revenue is an idea that just won’t let go- like all good ideas founded in truth and justice.

After years of speculative madness in the land market, the ACT Labor Government recognised that more needed to be done to address the political and social problems arising from average Canberra house prices moving above the half-million dollar mark.

In 2007-2008 the ACT Government developed and launched an Affordable Housing Action plan that included a range of measures pitched at giving working people, especially those in low income brackets, a chance at cheaper housing options. These included Stamp Duty exemption or deferral and placing requirements on developers of new suburbs that a percentage of house and land packages be discounted. Examined closely, these policies could mainly be described as subsidies, with the costs generally borne by homebuyers and taxpayers who did not apply or qualify for the various schemes. Of course in the background also were the Commonwealth First Homebuyers grants, that appeared to be helping, but were actually simply fuelling additional inflation in housing prices.



But in my view there was one scheme in the Affordable Housing Action Plan that stood out greatly from all of the others. This was the new Land Rent Scheme. Initially, perhaps to some people, it looked like a lemon. Scores of Canberra citizens had attended the required course to qualify for entry into the scheme, yet no bank or lending institution would touch it. The local Liberal Party ridiculed the Government and warned that the scheme was a trap and should be abolished.

At the time some stories appeared in the media quoting the banks expressing concerns “about the risk they would be assuming in providing finance for a depreciating asset” and that they were not comfortable “with the inability of the bank to have security of the land.”

Interestingly, the Henry George movement played a role in the eventual breakthrough. The Henry George Foundation of Australia (HGFA) invested \$200,000 with the CPS Community Credit Union specifically for use on Land Rent loans. Around the same time, the ACT Government reached an agreement with CPS in an arrangement that involved the ACT Government sharing some of the potential financial risk that could arise in the event of mortgage defaults.

Recent media reports suggest that perhaps 130 families have entered into land rent arrangements and have houses under construction or completed. Significantly, all new residential blocks being released by the ACT Land Development Agency now have a Land Rent Scheme option.

The essence of the ACT Land Rent Scheme involves the residential landholder paying 4% per annum of the unimproved site value of their block of land to the ACT Government in lieu of buying the land outright. Land Renters earning below an income threshold (\$80,000 per annum increased by \$3,300 for each child in the family) qualify for a reduced rate of just 2% of the unimproved site value per annum (as assessed annually).

Land renters may purchase the land outright at any time at the market rate at that time, with no discount for any rent already paid. The Land Rent Scheme enables people an alternative to the private rental market and to buy their own home with a mortgage about half of the normal size. After the land rent is paid, an average family on an average block may save a few hundred dollars a month overall.

The typical media story is of a Mum and Dad with three young kids whereby, thanks to the Land Rent Scheme, the family can afford some additional time with Mum working part-time instead of having to return to work full-time.

Additionally there is a not-for-profit organisation in Canberra, CHC Affordable Housing that has a small number of Land Rent properties on their books, including at least two Student Group houses, leased to people on low to medium incomes (who qualify for the National Rental Affordability Scheme) for around about three-quarters of normal market rents. CHC have imminent plans to add a further 70 Land Rent homes to their current overall portfolio of 300 properties.

I understand that a large number of land rent blocks have been taken up by builders and developers simply because paying the 4% Land Rent (until they are ready to buy)

is a lot cheaper than the alternative 10% holding deposit on a block. In recent months the ACT Government has moved to limit the number of blocks that any one person may rent to five (5) at a time. The ACT Government has commissioned a review of the ACT Land Rent Scheme to be undertaken by an academic from the University of NSW. Arising from this review, the scheme may be fine-tuned, possibly to better ensure that families and low-income groups are the main beneficiaries.

Clearly the ACT Land Rent Scheme is a good step in the correct direction. Yet it is worth noting some of its limitations too. For example, land renters are still required to pay Rates, Stamp Duty and scores of other taxes and charges at the local and federal level.

The idea of people paying land rent in accordance with the market worth of the public services accessible from their site can only work properly and justly when other taxes and charges are removed. Otherwise land renters will become stuck in the vulnerable position of significantly overpaying (perhaps by more than double) their dues to the community while land owners or their financiers concurrently accrue large effective tax rebates or windfall profits as they capitalise increased land prices.

Another potential problem for a person on the Land Rent Scheme is that while they are renting their block, land prices generally are continuing to rise. If a land renter needs to move interstate for example, they will find that they will not be able to take with them the increased value of their land rent block, just the value of their dwelling.

This could make it relatively harder for a land renter to later buy a home interstate. This is one reason why the Land Rent Scheme should be immediately improved, in co-operation with the Commonwealth, to ensure that land rent payments count as a deduction or are rebated through the federal income tax system. The next obvious step(s) would be to make land renters completely exempt from income tax and all other taxes and charges.

As Dr Terry Dwyer explains in “*Untaxing Shelter*” his superb submission to the Productivity Commission’s 2004 Inquiry into First Home Ownership, not only is our current tax system acting to drive up the price of land, it is also causing the cost of constructing dwellings to be hugely inflated. Dr Dwyer wrote:

*“All taxes on land or buildings, except holding taxes on the unimproved value of land which do not vary with its use, must increase the cost of housing.”*

The ACT Land Rent Scheme is a good start that so far has helped at least 130 families to have a home of their own at a reduced cost, at least in the short term. A small number of students have also been indirectly helped by the scheme. The ACT Land Rent Scheme stands as an innovative piece of policy work that could be improved and mirrored interstate. There is great potential for a massive, positive macroeconomic impact on Australian housing affordability if this is done correctly.

Of course the introduction of the scheme in Canberra was made somewhat easier by the special history of leasehold arrangements in the ACT. Yet, the ACT Government and the CPS Credit Union are having talks with other State Governments about the possibility of extending the scheme beyond Canberra. Another financier, MECU

Bank, has now also recently entered the market as a provider of housing loans to land renters.

However, just as the ACT Land Rent Scheme seems to be on the verge of becoming more widespread in the ACT and perhaps being copied by other States, we are confronted with uncertainty arising from the opposition to the scheme by the ACT Liberal Party. Will current land renters be protected if the Liberal Party is elected to Government in the ACT in October 2012? What would become of the Land Rent Scheme more generally?

There is now a critical role for Georgists to devote more energy to educating about the important moral ideas and economic logic underpinning the land rent idea. Georgists need to lead public debate to articulate how the Land Rent Scheme can be improved and extended nationally. Beyond this we must continue to educate how a land rent scheme applied to all privately held sites (including residential, commercial, industrial, agricultural and mining land) in lieu of taxation could achieve affordable housing, social justice, industrial relations harmony and environmentally sustainable economic prosperity.

We need the public to understand the potential positive macroeconomic implications of a broad scale national Land Rent Scheme. These include the capacity to drive down the price of land, meet our growing revenue needs and also ensure that foreign investors in Australian land return the economic rent back to our communities also.

Some people will need to move well beyond a narrow mindset that may view the ACT Land Rent Scheme merely as a way to provide housing for a niche market of lower paid workers, (without the stigma associated with public housing).

Of course there is also a need for land supply to be increased in the ACT and nationally. By increasing the availability of residential and other sites, governments can ensure that a fair equilibrium is reached in terms of the rents charged for sites.

The ACT Land Rent Scheme is logically consistent with the vision of great Australian Statesmen like Gough Whitlam, Clyde Cameron, and Tom Uren who, after their historic Federal Election victory in 1972, were waylaid in their plans to restore and improve the ACT Leasehold land rent system and extend it across the nation.

The Henry George movement now has considerable support for the general thrust of our ideas from policy-makers and academics as evidenced by the findings and Recommendations arising from the Henry Tax Review, including particularly the idea of increasing Land Value Taxation and broadening its application to all types of land in lieu of inefficient taxes such as Stamp Duty.

The Australian Housing and Urban Research Institute (AHURI) have also recently published some work arguing for a broadening of land value taxation and the abolition of Stamp Duty. Highly respected academics such as Professor Frank Stilwell from the School of Political Economy at Sydney University have also developed the logical narrative well beyond the minor reform idea of swapping Stamp Duty with Land Value Taxation. Professor Stilwell wrote recently:

*“It follows that any policy to make housing access more affordable and equitable must address this issue of land ownership and land values... Participants at this year’s [2011] national Tax Forum agreed that a more broadly-based land tax would ease the financial situation of local and state governments, and that other taxes could be lowered as a result. The outcome would then be more reward for personal effort and productive effort, rather than perpetuating a situation whereby landowners capture much of the nation’s economic surplus as unearned income. The beneficiaries from this policy shift would include people currently struggling to put a roof over their heads without incurring a lifetime of excessive debt.”*

I agree with the late Clyde Cameron that we need land reform and tax reform to be tackled at the federal level. We need to nurture, grow, adapt and extend the ACT Land Rent Scheme to the National level. This can only be done by deepening understanding and broadening political support for the ideas of Henry George in the community, including amongst the current land renters.

In this regard I would like to acknowledge the great Georgist educational work of Richard Giles on housing affordability and many other current social problems. In an address in Newcastle delivered in December 2007, Richard succinctly summed up the housing problem when he said:

*“My intention has been to highlight what is an obvious structural weakness in the housing market. The weakness is that presently the housing market encourages rent-seekers to compete with both genuine home buyers and genuine investors.”*

In concluding I’d like to refer again to the work of Mr Arthur Dowe and specifically the interesting concerns that he raised about a Leasehold system not being the best basis for public collection of land rent. Mr Dowe described Leasehold arrangements as a “somewhat modified form of nationalisation and State-management.” He expressed doubt about the capacity of a state bureaucracy to effectively manage leases. He believed that:

*“Private use and occupation of land is far superior to leasehold... Under the fee-simple private use and occupation, plus the public collection of rent, a landlord will be in competition with other landlords in finding tenants, and will not be able to live just by owning land. He will be able to make a profit by leasing improvements, but the whole of the site-rent will be taken by the government.”*

So if we look to apply Mr Dowe’s teaching to a plan to improve, broaden and extend interstate the ACT Land Rent Scheme, we may see that it is the public collection of land rent in lieu of taxation that is of supreme importance, not necessarily the type of land tenure arrangement. Perhaps, a land rent scheme need not be underpinned by a system of Leasehold tenure. It could possibly work even better under a fee-simple tenure system, for example, provided that the full site rent is collected by government in lieu of taxation. As Henry George recognised, existing land ownership arrangements need not be disturbed, we need simply to return to the community the value of the advantages due to the location of privately held sites.

Thank you very much.