## Re: Think

## Land Value Taxation

Out International Competitiveness is reduced by the high cost of land because everyone needs land to live on and to work on; the cost of access to land – either rental or ownership - must be reflected in salaries and wages.

Housing Affordability is also reduced by the high cost of land.

Thus Land Value Taxation – as proposed in the Henry Tax Review - must be seriously considered for economic and social reasons in addition to State revenue matters.

That Land Tax is a States issue is no excuse for the Federal Government not to take action. If a Federal Government can encourage/bribe/pressure State Governments to sell income-producing assets, if can use similar tactics to make the States make better use of their Land Taxing powers.

Thus the Federal Government could ‘persuade’ all the States and Territories to impose, collect and use a small, flat rate, no exceptions Land Value Tax with the clear statement that it would increase over time so that ‘the economy’ would begin a transition period. In due time this could lead to a huge simplification of the tax system with greatly reduced avoidance and minimisation activity. (An activity that pointlessly employs some of our best talents on both sides of the struggle!) GST with all its complications and definitions would be phased out.

The moral justification for Land Value Taxation is far superior to income and sales taxes.

1. If you want a chunk of Australia for your exclusive use, then you pay the rest of us to keep out!
2. If you have, say, $1 billion’s worth of real estate then it is proper that you pay 1000 times more to protect/defend and service it than someone who only has $1 million’s worth of property to be defended and serviced with roads, schools, hospitals etc.

**An oft overlooked beauty of Land Taxation is that it changes infrastructure costs from expenditures to investments. Any useful infrastructure construction results in increased Land Valuations and thus an increase in Land Value Tax revenues – for evermore!**

Another feature is that any public works that devalue a property automatically result in lower Land Value Taxation demands on the owner; in effect, automatic compensation – for evermore.

The question of the elderly owner being forced out of their home by rising property values would be less because of the restraint on such rises by LVT but could be readily solved by The Crown buying the free-hold and the owner becoming - now cash rich and no longer just asset rich - a leaseholder, a tenant for life of the Crown.