AUSTRALIA'S TAX MUTINEERS
The most significant political transformations in human history originated as rebellions against unfair taxation. The Magna Carta and the Glorious Revolution, establishing the principles of the rule of law and parliamentary sovereignty, were responses to excessive taxation sought by a monarch. The American revolutionaries chanted ‘no taxation without representation’, throwing tea into Boston Harbor, instigating a rebellion that led to the establishment of the United States of America. The French Revolution was intimately intertwined with Louis XVI’s regressive taxation system and consequential financial troubles.

The human instinct to oppose unfair taxation is found throughout human history. The earliest recorded tax revolts go as far back as the First Babylonian Dynasty under King Hammurabi (1750BC), along with the Roman Empire (27BC) and the Han dynasty (AD25). David F Burg’s *A World History of Tax Revolts* catalogues almost 400 tax revolts. Taxation has consistently proven onerous, excessive and cruel. Its enforcement has been inconsistent, heated and even violent.

Australia has its own history of tax revolts. The following six tax rebellions helped shape our political history. They were diverse, both geographically and topically, covering issues as broad as rum, water, vehicles, land and mining.

1. **RUM REBELLION, 1808**

At 6pm on 26 January 1808—just 20 years after the arrival of the first fleet—the New South Wales Corps, with full band and dress, marched on Government House to enact the only successful armed takeover of government in Australian history.

The officers spent two hours searching for their target, Governor William Bligh, while rampaging through the Governor’s papers looking for evidence of wrongdoing. Bligh was eventually discovered hiding behind his bed and placed under house arrest.

Rarely in human history has a political revolution unfolded in such an orderly, peaceful, and swift manner. Not a single shot was fired; no one was stabbed with a bayonet. All involved—officers, soldiers, captives and spectators—were in bed long before midnight.

The pithy name of these events, the Rum Rebellion, comes from a key element of the tensions that led to the Corps turning on the Governor—Bligh’s attempted crackdown on alcohol, known generically at the time as rum. Bligh instigated prohibitions on the importation of alcohol and bartering of spirits for labour, food, and other goods. These prohibitions, an effective tax, particularly frustrated the most powerful men in the colony who had previously profited from the trade.

The rebellion was about much more than just rum. Ultimately, it was a tussle between entrepreneurs seeking progress and a regressive overbearing government. It was a battle that involved breaches of the rule of law and property rights, and questioned over the role of commerce and trade in the new colony.

Bligh attracted immense animosity using untrammelled colonial executive power to confiscate property and cancel the leases of free settlers. Bligh’s broad discretionary powers, perhaps appropriate vis-à-vis convicts, were untenable to free settlers seeking to establish commerce and trade.

The bustling colony was desperate for expansion, which depended on additional leases of property. Bligh, however, took a more conservative approach than previous governors. He made just three land grants in his 18 months at the realm.

Bligh also took aim at John Macarthur, the pioneer of Australia’s wool industry, which was a key industry for our nation’s early economic success. Bligh took issue with Macarthur’s level of private wealth, stripping him of a major land grant and putting him on trial in 1808.
relation to a ship bond. Macarthur refused to appear before the court, complaining about an apparent bias of the Judge-Advocate, a close Bligh ally. Bligh subsequently ordered the NSW Corps to arrest Macarthur, which, after a number of other affronts, they refused. Lieutenant-Colonel George Johnston, the leader of the NSW Corps, led the military revolt the next day.

A key event in Australia’s history, the Rum Rebellion represents the rejection of arbitrary power, the establishment of the principles of the rule of law in the colony and an early victory for commerce over arbitrary government power.

In practical terms, it led to the appointment of Lachlan Macquarie as Governor. Macquarie went on to oversee the successful transformation of NSW from a penal colony into a free settlement.

2. SOUTH AUSTRALIA ANTI-DRA Y AND LAND TAX REBELLION, 1850

They severed ties with their mothers and fathers, left behind a lifetime of friendships and travelled across the ocean in search of a new land of freedom and opportunity. South Australia’s colonists sought ‘to reap a more liberal reward for our toil and exertions’, as the South Australian Register put it.

This not atypical hope for a better life, however, was coming unstuck. The ‘minions of tyranny’, South Australia’s colonial administration, introduced a new land tax, as well as a tax on drays (a type of horse-drawn wagon), carts and lighter wheeled vehicles, to pay for the upkeep of roads and highways.

The ‘obnoxious, odious, and detestable impositions’ were enacted by a legislature in which only the propertied class was represented, creating a disproportionate burden on poor farmers and barely impacting the wealthier merchants and bankers.

The people of South Australia refused to take the impost lying down. The first Anti-Dray Tax League was founded in April 1850 in Mount Barker, with subsequent local leagues established across the colony. The Yatala league reached 1,000 members within just a few days. The leagues sent delegates to establish the Great Confederated Anti-Dray and Land Tax League of South Australia in May 1850.

The newly formed League published a declaration in the advertising sections of South Australian newspapers under the headline ‘No taxation without representation’ decrying the unequal and outrageous nature of the taxes.

The Dray Tax had a disproportionate impact on small businesses, the League claimed, as...
they had to pay the same amount of tax no matter the number of trips. Larger wagons driven by farmers were taxed at double the rate of the smaller versions owned by the gentry. However, the biggest issue for the league was the very principle of taxation imposed by a legislature in which they were not represented. They drew direct inspiration from the Boston Tea Party. When making their case, the League drew upon the ideal of British liberty and a better life free from onerous taxation. The colonists had escaped an overcrowded, over-taxed England only to face ‘a system of oppression and misrule, unparalleled in the history of British legislation’. The declaration was subsequently made into a song and put to music:

Then down with the road and the dray-tax, too,
And show to the minions of tyranny,
Bold Britons are we, who dare to be free,
And die for our rights and liberty.

The League undertook direct political lobbying, petitioned the Legislative Council and agreed to a pact of civil disobedience—refusing to pay the impost. They also considered violence against tax collectors on their properties, but thankfully decided against this action. By July 1850, their opposition proved too much for the South Australian government and the Governor capitulated. The Dray Tax was repealed and those who had paid were refunded. After further rancour, the land tax was also scrapped. The League was also intimately entwined with the drafting of the new South Australian constitution as Westminster began increasing colonial self-government through the 1850 Australian Colonies Government Act.

According to editorial from the South Australian Register, the League opposed ‘anything inimical to a free and full representation; and resisting the partial and unjust clause which aims a blow at their religious liberty’. In 1857, South Australia became the first colony to introduce universal suffrage for men aged over 21. The democratic spirit, fueled by a tax rebellion, came to fruition.

3. EUREKA REBELLION, 1854

Citizens of a British colony met in a town hall to complain about unfair taxation policies, calling for an extension of voting rights. They wrote a decleration outlining their demands, but the authorities refused to negotiate. In the name of defending their rights and liberties, the people gather firearms to defend themselves. Many die in the ensuing violence. Shortly thereafter, a democratic revolution comes to fruition, which extends voting rights to every adult male.

Such words could easily describe the Boston Tea Party, the American Revolution and the adoption of the American constitution, but this story was not unfolding on the other side of the world. It describes our very own Eureka Stockade, an enormously under-appreciated and often misinterpreted chapter of Australian history. The Victorian gold rush (1851–60) attracted hundreds of thousands to Victoria, many seeking fame and fortune at the goldfields. However, tensions swiftly formed surrounding the level and collection of taxation. The Victorian Government, seeking revenue to fund the expansion of the colony, imposed a costly miners’ licence on prospectors, most of them poor and unsuccessful. The licence fee was steadily increased and enforced through aggressive licence hunts and harassment by authorities. Tensions came to fruition after a man accused of murdering a miner was acquitted by an allegedly corrupt magistrate. These grievances culminated with the establishment of the
Ballarat Reform League in November 1854. The first meeting attracted a crowd estimated at more than 10,000. They were heavily inspired by the Chartist movement in England, demanding voting rights for all citizens, and declaring ‘taxation without representation is tyranny’. They even threatened secession from the United Kingdom if their demands were not met.

The Victorian Government refused to respond to their demands, leading to the league to elect a more militant leader, Peter Lalor, who introduced a military structure including the formation of brigades and appointment of captains. On 1 December 1854, the miners burnt their licences, and swore allegiance to the Eureka Flag, the Southern Cross. They armed themselves, and set up a crude encampment at Eureka.

At 3am on 3 December 1854, a combined force of soldiers and police launched an assault on the encampment. The miners were outnumbered, inexperienced and ill-equipped. They stood little chance. The battle, which was over in less than half an hour, resulted in the deaths of at least 27 people.

Despite their failure on the battlefield, the miners attracted substantial sympathy in Melbourne when they were put on trial for sedition and high treason. The accused were rapidly acquitted to great public acclaim, and the popular support for their cause led to the Electoral Act 1856, which introduced full male suffrage for the Victorian Legislative Assembly.

The Australian labour movement would not exist for many decades after Eureka, but its supporters often claim ideological roots from events at the stockade. In particular, the CFMEU have adopted the Eureka flag. However, the collectivist union movements have ignored that the Eureka diggers were in fact independent workers, fighting for lower taxes and less regulation.

Thanks to the sacrifices of the men at Eureka, where many paid the ultimate price, Victoria became the second Australian colony to introduce political democracy.
4. CHINESE MIGRANTS IN AUSTRALIA, 1859-62

On 25 May 1859, a huge crowd of more than 3000 Chinese immigrants marched on the local warden’s residence in Castlemaine, Victoria. The Chinese had come to Victoria, like tens of thousands from around the world, seeking riches in the goldfields. Most of them were peasant men, becoming indentured servants upon arrival to pay for the three-month voyage from China to Melbourne.

However, unlike arrivals from the British Empire, Chinese immigrants were slapped with a special £10 landing tax upon arrival in the colony, plus the standard annual gold digger’s fee of £1 and an extra £1 per annum for a protection ticket. The ticket was vital to secure protection from local authorities against the growing anti-Chinese sentiment—which included riots and racist calls for expulsion.

The Chinese lived separately to the rest of the community, preferring safety in numbers in their own community camps. However, the worsening situation became untenable by early 1859, when the government introduced an annual £4 residence tax on Chinese immigrants. The Chinese responded with one of the most sustained anti-tax campaigns in Australian political history, using civil disobedience, protests, petitions, boycotts and political lobbying to argue against the imposition of racist and burdensome taxation.

The most spectacular event was the march on Castlemaine. They read out a petition complaining about discrimination, harassment and oppression against the natives of China—unlike anything experienced in other parts of the world. They complained about the heavy taxation that is ‘unjust in principle, and if attempted to be enforced upon any other class of foreigners would be deemed a violation of British good faith and hospitality’.

They protested about the new impost, considering their existing tax burdens, and called for a compromise tax £2 per head per annum, payable quarterly. The local warden, who promised to pass the petition to his superiors, complimented the protesters’ ‘proper and constitutional manner, and the orderly and peaceful character’. The crowd gave a cheer, and after the announcement that it was the Queen’s Birthday, they gave another respectful cheer.

Sadly, however, the government did not immediately respond to their demands. The Chinese refused to give up. They refused to pay the new tax, in the knowledge that there was not enough prison space to lock up everyone. They also went on strike, refusing to do work or trade with white settlers. They continued presenting petitions from across the state.

Some claimed they were from British colonies (Hong Kong, Penang or Singapore) and hence should not have to pay the tax. Others were sentenced to hard labour for non-payment—not because they couldn’t pay, but because they chose not to.

In a big win for the rule of law, in March 1860 a Melbourne court ruled that an individual could not be arrested for not paying a resident tax, and must instead be taken to court via summons. A police officer was also sentenced to prison for killing a Chinese man evading such an illegal arrest.

After years of effort, the long-running resistance campaign came to fruition in February 1862 when the Victorian Government finally abolished the residence tax. The Chinese immigrants fought for their rights, and they won.
Queensland’s McCormack Labor Government (1925-9) was in extensive debt. Rather than attempt to address their addiction to spending, the government instigated a series of new taxes including land, income, machinery, hospital, unemployment and vehicle taxes.

However, the government’s attempt to introduce a new water management scheme crossed the line. Queensland’s over-taxed farmers refused to pay another impost. This almost clichéd situation, again proving Margaret Thatcher’s dictum that ‘the problem with socialism is that you eventually run out of other people’s money’, led to the Queensland Farmers’ Strike of 1927.

The Queensland Water Act 1926 initially evaded scrutiny, appearing to be not particularly cumbersome. However, it empowered a commissioner to charge farmers excessive fees to use their own wells and water pumps. When the fees were announced, it became swiftly apparent that this was not simply an administrative fee, but rather a gigantic revenue-raising exercise.

After years of increasing taxes, combined with the strain of drought and rising government-owned freight costs, the farmers refused to accept the new fees. They argued that they could not pass along the tax to consumers, that it discriminated against farmers without access to running water on their property, and that it punished farmers who had taken the risk of converting previously unsuitable agricultural lands.

Additionally, the farmers argued that wells and pumping stations were their property—not the government’s. It was nonsensical to tax individuals on capital improvements, they argued.

Overall though, for the overburdened farmers, the water tax became the seminal issue to reject the never-ending increases in taxes. Enough was enough.

The farmers used existing organisational structures in local producer associations to spread news of the tax strike. The first came from Kalapa’s association in March 1927, declaring ‘an emphatic protest against the action of the Government in making these undue levies against the primary producers of Queensland’. Resolutions called on farmers to refuse to register or pay any tax. They were passed by associations across the state at meetings attended by thousands of farmers.

The farmers were strongly supported by local papers across Queensland. Members of shire councils said they would prefer to go to jail than pay the tax. Others threatened to remove their oil engines and fill in their wells rather than pay the fees.

Spectacularly, it took just a month for the tax resistance campaign to succeed. On 7 May 1927, the Queensland government withdrew the tax. The Townsville Daily Bulletin editorialised: ‘Never since that historical occasion when the cargo of tea was tossed overboard in Boston Harbor, has there been a more successful rebellion against an unpopular government impost’.

The success against the water tax emboldened the farmers to oppose other burdensome taxes. McCormack was removed from power at the next election in 1929. This led to the election, albeit for just one term, of the only non-Labor government in Queensland between 1915 and 1952.
6. KEVIN RUDD’S MINING TAX, 2010

Wearing their folksy tieless Sunday best, then-Prime Minister Kevin Rudd and Treasurer Wayne Swan announced a new mining tax as their flagship response to the Henry Tax Review in May 2010. Less than two weeks before the budget, the new tax was presented as a fait accompli with no industry consultation, a bizarre and overly complex design and an extraordinarily high rate of 40 per cent. It was the beginning of the end of Rudd’s prime ministership, with Rudd becoming increasingly erratic and incapable of working with his colleagues.

Government economists had designed the mining tax in an extremely complex manner with a range of bizarre features. The government planned to refund 40 per cent of the losses of unprofitable mines—effectively nationalising 40 per cent of the mining industry. The plan also refunded state royalties, creating a perverse incentive for states to increase their royalties at the federal government’s cost.

This gigantic tax was projected to raise $22.5 billion over four years as part of a massive new tax and spend effort. The proceeds were slated to be spent on tax cuts, welfare and infrastructure, strengthening Rudd’s weakened budget situation.

Rudd thought he had a perfect populist plan—tax those supposedly evil mining magnates, who were then making record profits. The plan backfired. The mining industry launched the largest tax revolt in Australian political history, measured in terms of the revenue at stake.

They argued the tax was a threat to the viability of Australia’s minerals industry, destroying shareholder value. They said the tax would lead to shelving of projects because it was a massive disincentive for future mining investment, effectively pulling up a handbrake on Australia’s most successful industry.

The mining industry also pointed out that the tax was built on a false premise that the industry was not paying a decent amount of tax. The industry’s company tax receipts alone had increased over eight years from $1.4 billion to more than $10 billion in 2010. The industry also paid extensive state royalties.

The industry, led by the Minerals Council, launched an aggressive advertising campaign against the changes. The industry advertisements focused on individuals who would lose their jobs, and pointed out how the tax would impact the economy. In total, they spent $22.2 million on the campaign from early May to late June, when Julia Gillard took over the leadership and the advertisements were suspended.

The tax severely damaged Rudd’s reputation and poll standing. Rudd refused to budge on the issue, or negotiate with the industry. In the end, after seeing the poll numbers slump and the incompetence of Rudd’s leadership, Labor’s caucus was forced to act. His formerly loyal deputy challenged for Labor leadership on 24 June.

Julia Gillard immediately sought consultations with the industry and reached a compromise deal with the three biggest miners. However, by the time the amended tax was introduced, the resource prices had slumped. The tax raised less than the amounts intended to be spent from the revenue. The Abbott Government abolished the tax in September 2014.

This most recent Australian tax revolt reiterates a lesson that must seemingly be learnt again and again. As humans, we ultimately seek dignity, personal flourishing and earned success. When that success is taken away unfairly, we naturally rebel against the system behind the changes. If taxes are seen to be unfair they are naturally opposed. Rebellions are particularly furious when our earnings are taken without consent or proper justification.