

2015 D R Dossetor Address

Delivered by Senator Nick Xenophon at the Housing Industry Association

Australian Housing Awards, Gold Coast, 22 May 2015

Thank you for your introduction.

At the outset I'd like to congratulate your incoming federal president, fellow South Australian Ross Lang, who I am sure will continue the HIA's tradition of strong and fearless advocacy.

It's a real honour to be here to give the DR Dossetor address, not just because this honours Randal Dossetor as both a visionary and a leader in housing, but also at a very personal level, because my father was a home builder for over fifty years.

He, like many others who got involved in the building industry, came to Australia from southern Europe in the early 1950s, imbued with this variation of Julius Caesar's motto: I came, I saw, I concreted.

My father belonged to that precarious subspecies of builder, the spec builder, a sole trader who in his heyday in the 1970s was building up to 150 spec homes a year.

From the credit squeezes of the Menzies era to the 19 per cent interest rates of Paul Keating, I became acutely aware of how government policy could affect the housing sector.

He was a proud member of the HIA, but was disappointed when the association couldn't help him when, to his howls of protest, his brickies in the early 1970s demanded to be paid \$55 per thousand bricks laid.

I understand the rate is slightly higher nowadays.

Sadly, I didn't follow in his footsteps. But I'm under no illusion as to why I'm here tonight.

The Senate in its current configuration – with an all-time record number of cross-benchers in nine different groupings – has changed the dynamics of government.

Some critics unkindly say that dealing with me and my colleagues is a bit like herding cats, or as Annabel Crabb puts it, it's a bit like having bunnies in a basket. As soon as an extra one goes in, another one hops out.

Tonight, I'd like to reflect not so much on the challenges, but on the opportunities you could have with the cross-bench – as disparate as it is – to both benefit the housing sector, and with it the national interest.

Because it must be, unequivocally be, in the national interest to increase the housing stock, to make housing more affordable, to have more Australians employed building new dwellings, so more people can have a roof over their heads that is their very own.

Robert Menzies, in his seminal 1942 Forgotten People speech, got it in one when he said:

“The real life of this nation... is to be found in the homes of the people.”

He understood the visceral, the emotional importance of home ownership.

“It represents the concrete expression of saving for a home of our own.”

“The home,” said Menzies, *“is the foundation of sanity and sobriety; its health determines the health of society.”*

Now, I’m not so sure about the sanity and sobriety bit, but the fundamental point remains – being settled and having some place to call home is the bedrock of a strong and stable society.

So, while this is by no means a new concept, almost 75 years on, there are new challenges to overcome to ensure home ownership is in the grasp of more, not fewer, Australians.

And more broadly, there’s an even bigger story to tell – with apologies to Charles Dickens, it’s not a tale of two cities, but a tale of two sectors.

It’s about mining and housing, about how successive governments seem to be in fear and awe of one, and complacent and cavalier about the other.

Donald Horne, in his iconic 1964 book *The Lucky Country* – published in the same year that Randal Dossetor and others were planning the formation of the HIA – made this very telling point.

He coined the phrase ‘the lucky country’ with a deep and pointed sense of irony – something that many of us have forgotten over the years.

“Australia,” said Horne, *“is a lucky country run by second rate people who share its luck.”*

And he directed this sadly timeless barb towards politicians – “many of the nation’s affairs are conducted by racketeers of the mediocre,” he said, “who have risen to authority in a non-competitive community where they are protected in their adaptations of other people’s ideas.”

In 2005, a few weeks before he died, in his last ever interview with another great Australian writer, Peter Hartcher, Horne was angry, he was fed up and frustrated with the popular notion that the mining boom was somehow the nation’s salvation.

Horne saw the mining boom as a curse – because it allowed us to become lazy and complacent.

That torch of reason has been passed on to Peter Hartcher, who just yesterday spelled out to me what a curse it has been: it has stymied economic reform; the high exchange rate has killed off

many tens of thousands of jobs in manufacturing and it has caused gross distortions in the labour market, particularly skills shortages (something many of you will be familiar with).

And above all, Hartcher says, it has given the mining sector a disproportionate, an unhealthy political influence.

I can well attest to that last point. Late yesterday, Treasurer Hockey rang to tell me that my proposal for an inquiry into the iron ore sector would no longer be supported by the Government, despite both the Treasurer and the Prime Minister initially saying, just days ago, it was a good idea to look at the sector.

In particular, the inquiry would have looked at the allegations of Andrew 'Twiggy' Forrest of predatory market behaviour by BHP and Rio, as well as the evidence that the big two offshore their profits and pay a rate of tax that unlevels the playing field for smaller miners.

But the inquiry was as much about the future of our economy post the mining boom as it was about Twiggy's claims.

It was scuttled by a furious lobbying effort by BHP, Rio and, I'm reliably informed, by Gina Rinehart.

Now imagine if Gina was also a home builder – just think how many extra doors that would open for you in Canberra.

Contrast the mining sector with yours.

In the three months to February 2015, there were an estimated 480,000 total jobs in the residential construction sector – almost 20,000 more than a year earlier.

By comparison, in the mining sector, there were around 220,000 total jobs by February 2015 – almost 50,000 fewer jobs than twelve months ago.

With more than double the number of jobs, why does it seem the government pays you less than half the attention it pays to Gina and co?

That needs to change, it must change, because the best, most responsible path forward to make up for the collapse of the mining boom and the aftermath is the housing sector.

With up to 3 jobs created for every \$1 million spent, and up to 6 or 7 with the associated multiplier effect, together with the broader social benefits, now is the time for the housing sector to take up the challenge.

But I know you can't do it on your own.

You need a policy framework that is coherent and effective, that will allow you to flourish and grow.

Here are just some ideas which I think at least some of my cross-bench colleagues, and I suspect many others in the major parties, would find attractive.

Firstly, we mustn't be shy about a big Australia.

Peter Hartcher's book *The Sweet Spot* made the point that post-war migration was responsible for adding more than 40 per cent to our GDP.

But let's be smart about it.

Rather than causing more congestion and resentment in those capital cities that have seen a massive spike in their populations, let's have policies, incentives, targeted to low-growth states and regions such as South Australia, Tasmania, and Far North Queensland.

Encouraging more overseas students to come here to study would also help to boost and revitalise our inner city areas – after all, overseas students were an export earner a few years ago to the tune of \$18.5 billion a year – approaching that of the mining sector.

Secondly, we need to acknowledge that you can't always leave everything to the markets, that occasionally well-considered and targeted interventions can make a big difference.

We're pretty lucky to have four huge, strong, profitable banks in this country, who despite their occasional failings, provide us with a great degree of financial stability.

But we're luckier still to have the likes of the government-owned HomeStart Finance in South Australia, which in over thirty years has funded 65,000 home purchases for people who would not have fulfilled the lending criteria of the banks.

Solidly profitable, with a default rate very comparable to the banks, HomeStart proves that there is a place for finely tuned government help.

Changing our superannuation laws to give thoroughly regulated access to super as a deposit for a first home, as first suggested by HomeStart Finance in the recent Senate inquiry into housing affordability, would mean more Australians getting a foothold into home ownership.

Thirdly, I understand how heavily taxed you are.

During the last federal election campaign, thanks to help from the HIA in South Australia, I did a media conference in front of a new home under construction, with fully forty per cent of its frame wrapped in plastic sheeting with the word 'tax' on it to represent how much you pay.

It's staggering that a one per cent reduction in inefficient taxes on housing would increase our GDP by \$1.3 billion a year, with a flow-on impact of an additional \$5 billion to the nation's wealth.

Seven years ago, before the 2008 budget, well before the GFC, while he was still riding high in the polls, then Prime Minister Kevin Rudd have delivered the DR Dossetor address.

I read the speech yesterday.

It was a very good speech, if not somewhat long (although by Kevin's standards it was quite short, and he failed to use the words 'programmatically specific').

What struck me about the speech is that a number of genuinely good ideas, such as a National Housing Supply Council, a push for more skilled workers, a Housing Affordability Fund, seem to have fallen by the wayside because of the increasingly adversarial and toxic nature of our politics.

For instance, this government's scrapping of the National Housing Supply Council last year, as part of its push to slash red tape, seems counterproductive.

If you can't gather the facts, the evidence, you can't begin to see the big picture about what needs to be done in the housing market.

And that vacuum of information, of ideas, can lead to expensive mistakes being made by governments – mistakes that you get to pay for.

Robert Harding, the HIA's SA Executive Director, lamented to me recently that skills shortages were chronic, that government incentives for apprentices were in relative terms diminishing, and taking on an apprentice was increasingly not worth it in many cases.

Restoring the National Housing Supply Council, or even its predecessor the Indicative Planning Council, could go a long way in dealing with the needless bottlenecks and obstacles you face.

There is a real sense of urgency with these and other reforms needed to allow your sector to grow, to allow more Australians to own their own homes, including those new citizens we need from overseas.

And it's not just about the challenges put up by the end of the mining boom, it's also about the tsunami of job losses I fear South Australia and Victoria will face with the departure of automotive manufacturing by the end of 2017.

Over 130,000 jobs rely on this sector alone.

Unless the federal government plays a far more active role in helping the economy restructure and transition to other sectors, expect the housing market in the southern states to be hard hit.

I see the housing sector as a beacon of hope for an economy coping with the shocks and challenges ahead.

That's why I've suggested to your President and leadership team that the cross-benchers must play a role in helping your sector thrive.

I've spoken to a number of my cross-bench colleagues today with a view to having regular, at least monthly meetings, with the cross-bench and the HIA so you can guide us on how your sector can grow.

While we may not be able to formulate government policy, we sure can influence it.

Housing policy should be at the forefront of our minds when negotiating with the government on key pieces of legislation that could affect your sector.

Earlier on I spoke of Donald Horne's despair, of the irony in which he coined the phrase 'the lucky country'.

I think Horne was telling us we need to make our own luck, because we can and we must, and home ownership is so integral to that.

I want to finish with a quote from a little-known article published in the *West Australian* newspaper in 1950, well before Gina's dad Lang Hancock discovered those mountain ranges of iron ore.

The article was written by British philosopher Bertrand Russell, one of the great minds of the last two centuries.

He'd visited Perth, and on his return to the UK he wrote a warning to his new-found Australian friends, a warning that has even more force today.

"Perhaps you are all too comfortable to take so much trouble. Perhaps you will be content with a moderate and humdrum success, but I hope not. I hope that the more enterprising spirits among you will be inspired by a golden vision of a possible future, and will be content to take the risks involved in aiming at great success rather than acquiesce in the comfortable certainty of a moderate competence."

I share Russell's hope.

The time for complacency and the easy money of the mining boom is gone.

As builders, you know something about creating something lasting from a solid foundation.

We have the basic slab set up. Now it's time to construct the shape of our future economy, one that will sustain growth and jobs for the next stage of our country's development.

And I know all of you here will rise to that challenge.

Thank you.