



**FIRST SPEECH
TO THE AUSTRALIAN SENATE**

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“Every family, a job and a house”. If every family had a job and owned a house the benefits to this nation would be great indeed. Australia would be transformed. So why doesn't every family have a job and own their own home? A number of reasons, but in short, barriers to entry.

As a Senator I have been elected to do 2 things:

1. Represent the great State of South Australia and
2. Implement the policies that my Party and I have been expressing for many years, namely removing the barriers that prevent people from getting a job and owning a home.

When it comes to jobs and houses, Australia is not a free country.

Let me begin with barriers to getting a job.

BARRIERS TO GETTING A JOB

For the low skilled or poorly educated or socially disadvantaged or for those who lack connections or self-confidence, the barriers to entry to the labour market are serious.

When people, young people in particular, are unemployed and excluded from full participation in community and working life, the social costs are enormous – poor health, frustration, boredom, depression, drug and alcohol addiction, crime, domestic violence, bikie gang recruitment, civil disorder, teenage pregnancy, even suicide. This is what happens to people when they don't have a job.

Education and skills

When I started in the housing industry 40 years ago, every tradesman had an apprentice. Apprentice wages were very low as apprentices were treated very much like students. Apprentices received the equivalent of a student allowance like every other student in the country. Young people who weren't particularly suited to – or interested in - academic study attended Technical Schools and then did an apprenticeship. Since

then we've made employing apprentices such a nightmare that few tradespeople are willing to take them on. And yet there are thousands of unemployed young people who would love to learn a trade.

And whilst "*education, education, education*" has become society's mantra, forcing young people to stay on at school to Year 12 - when they're clearly not enjoying it - is both foolish and wrong. It condemns youths to a life of misery. I spent many years working on building sites. I came across young lads: not enjoying school; causing trouble at home; getting in trouble with the police; who then started working on the building site. I can tell you, by Friday night they're too tired to be hooning around in cars, setting fire to brush fences and spraying graffiti at all hours of the night! I know hundreds of trade contractors - carpenters, bricklayers, tilers, who left school at 15 and have gone on to lead very happy and successful lives. These same early school leavers have now all got 2 or 3 investment properties, cars, boats and they send their kids to private schools. They're also members of the local Country Fire Service brigade or surf lifesaving club and coach local football or netball teams. They are good citizens and yet they received very little in the way of formal education. As the old saying goes, "*It's not what you're good at in school that matters but what you're good at in life.*"

The world does not reward education, it rewards skills and if someone wants to leave school after Year 9 and learn a skill – a skill in making things, growing things or building things, who has the right to stop them? Young people need to be kept busy and a job, particularly a physically active job, is the best way to do that. If they can also play sport or music on weekends so much the better and anything we can do to help facilitate those things can only benefit the nation as a whole.

Rates of pay

I note the Newstart Allowance is worth about \$240 a week and the minimum wage is around \$640 per week. Between \$240 and \$640 there is a no-go zone where anyone who offers or accepts anything between \$240 and \$640 is breaking the law.

In fact it's even worse than that because we do not permit anyone to work for any amount between \$0 and \$640. We praise people who work for zero money – those who work up to 40 hours a week in OpShops and nursing homes and for the RSPCA but we don't allow them to work for more than zero until you reach \$640. If you are allowed to work for nothing surely you should be allowed to work for something. It's absurd. In fact it is worse than absurd; it is despicable to prevent someone who is unemployed from working and providing for themselves and their families. They must be given the right to choose. Surely it is only a matter of time before this barrier collapses under the weight of its own absurdity.

Australia has been groaning under this yoke for a century. Sometimes, the only way to achieve a *breakthrough* is to consider a *break-with*.

Breaking the jobs barrier

Given the clear emergency that now exists with respect to youth unemployment, in particular tragically high levels of youth unemployment and under employment in my home State – over 40% in some areas, for those young people and their families who wish to, the time has surely come to allow young people who want to, to 'opt out' of the workplace regulation system and allow them to work at rates of pay and under terms and conditions which *they* consider is best for them.

Now there's outrage when I say these things, I hear people say: "*They might be exploited!*" Where's the outrage when these same young people end up on drugs or get involved in crime or suffer poor health or become pregnant or become recruits for bikie gangs or even commit suicide? No, there's only outrage when they want to take a job that suits them but doesn't suit the government. And what percentage of employers exploit young people anyway? 1%? 5%? 10%? So we stop the other 90% from hiring people because of some who might behave badly. Trucks career out of control and kill people. Do we take all trucks off the road? Of course not. Athletes cheat and take drugs and

fix matches. Do we ban sport? Of course not. Society couldn't function if you applied that principle, and yet we apply it to people wanting to get a job.

Breaking the jobs barrier to improve the Federal Budget

As has been widely reported, the Treasurer and the Prime Minister are open to suggestions from the cross-bench on where savings might be made to help get the budget get back into surplus. Well here's a silver bullet Prime Minister - the government can reduce its welfare budget, reduce its \$5 billion Job Placement program, reduce a dozen social ills costing millions of dollars and at the same time start collecting income tax, if it would simply allow those people who want to opt-out of the workplace regulation system. There are thousands of jobs in rural and regional Australia where young people in particular are living at home rent-free with no commuting costs and low cost of living who would be able to get local jobs which best suit them. Just yesterday, I had a Y20 delegate to the G20 Youth Summit approach me seeking support for, and I quote, "*ensuring young people have flexibility in negotiating workplace agreements.*" Young people are telling me, this is what they want.

I stress that I am not talking about reforms to the Fair Work Act. I'm talking about being allowed to 'opt out' of the Fair Work Act if you want to.

Not Workchoices; No change to Fair Work laws

Let me be clear about one thing, I am not advocating a return to WorkChoices. I was a vehement opponent of WorkChoices. In fact I visited Canberra on a number of occasions lobbying various Ministers – they know who they are - imploring them not to proceed along the WorkChoices path. I said, leave Peter Reith's 1996 Workplace Relations Act alone and simply allow people to 'opt out' if they wanted to. Those who wished to stay in the workplace regulation system could do so, but those who didn't want all that stuff could opt out. A lot of employers and employees were very comfortable with Peter Reith's Workplace

Relations Act because it told them what to do. However, there were some employees who didn't want to be bound by it, hence my proposal to let them opt out. As history shows, the former Government didn't listen to my advice and we went from a 600 page Workplace Relations Act to a 2,000 page disaster called WorkChoices. Now we have its successor, the Fair Work Act comprising 3,000 pages of rules and regulations - which is fine for those who want them. What about those who don't want them? I have no problem whatsoever if people want to work within the regulated system with its Awards, minimum wages, unfair dismissals, joining unions and so on. Just don't make it compulsory. Here I am, 9 years on, still saying the same thing. People do things for their reasons, not ours.

The problem is, politicians treat workplace regulation as if it's a game with all of Australia's employers ('the bosses') on one team and all of Australia's employees ('the workers') on another, with the game overseen by a so-called independent umpire called the Fair Work Commission. That is of course not how the game is played at all. The game is played not by two teams of employers and employees, but by hundreds, even thousands of different teams each with an employer and employees competing against hundreds and thousands of other teams. A good example was the famous Dollar Sweets dispute in the 1980s where unions were picketing Fred Stauder's confectionery business. Other confectionery businesses were approached for support for Dollar Sweets but were rebuffed saying, "*Why should we care if Dollar Sweets goes down? It will mean more business for us.*" The so-called independent umpire in this context is completely useless. In fact, it causes untold disruption. This notion of 'bosses vs workers' is ridiculous as nearly all company bosses are employees!

BARRIERS TO OWNING A HOME

Let me now move onto barriers to home ownership.

For more than 100 years the average Australian family was able to buy its first home on one wage. The median house price was around three times the median income allowing young home buyers easy entry into the housing market.

Have a look at the following graph:



The median house price is now, in real terms ie relative to income, more than nine times what it was between 1900 and 2000. At nine times median household income a family will fork out approximately \$600,000 more on mortgage payments than they would have had house prices remained at three times the median income. That's \$600,000 they are not able to spend on other things - clothes, cars, furniture, appliances, travel, movies, restaurants, the theatre, children's education, charities and many other discretionary purchase options.

Market distortion

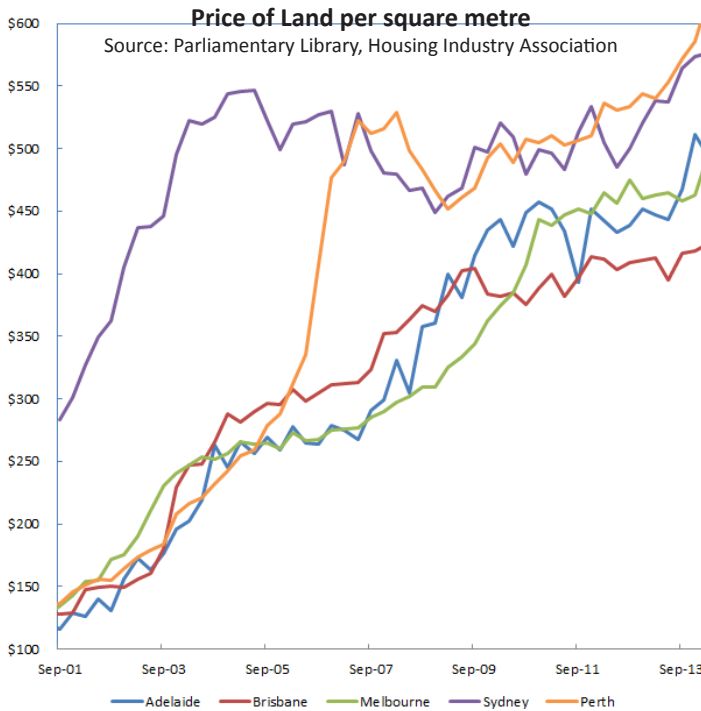
The economic consequences of this change have been devastating. The capital structure of our economy has been distorted to the tune of hundreds of billions of dollars. For those on middle and low incomes the prospect of ever becoming homeowners has now all but vanished. Housing starts have plummeted and so have all the jobs associated with it - civil construction, housing construction, transport, appliances, soft furnishings, you name it - not to mention billions of dollars in lost GST revenue to the States. The slump in business conditions over the past years has been blamed on everything from the GFC to the high Australian dollar, yet the real culprit has been the massive redirection of capital into high mortgages.

The distortion in the housing market, this misallocation of resources resulting from the supply-demand imbalance, is enormous by any measure and affects every other area of the economy. New home owners pay a much higher percentage of their income on house payments than they should, resulting in record levels of mortgage stress. Similarly, renters pay increased rental costs reflective of the higher capital and financing costs paid by landlords.

The economic consequences of all that has happened over these past few years have been as profound as they have been damaging. The housing industry has been crippled as have industries supplying that sector. The capital structure of our economy has been distorted and getting it back into alignment is going to take some time. It is a realignment that is essential. A terrible mistake was made and it needs to be corrected.

Land price manipulation through urban growth limits

The single most important factor affecting housing affordability has been land. In no other area of the economy has the interference of Government been so pronounced, so unsuccessful in its implementation, and so catastrophic in its effect.



The deliberate policy to limit urban growth (ie limiting the supply on the urban fringes of our capital cities) by introducing urban growth boundaries and at the same time promoting urban densification, has been a disaster – socially, economically and environmentally. It was all designed to make money. It had nothing to do with the environment or the cost of infrastructure or public transport or any other reason put forward. Land developers in cahoots with State Government land management agencies have made billions of dollars and at the same time ruined the homeownership prospects of a whole generation of young Australians.

If there's one commodity Australia is not short of, it is land. And yet, a young couple who wants to buy a block of land to build their first home on, are forced - by rent-seeking land developers and their State Government cronies - to camp out overnight for the privilege of paying an exorbitant amount of money for a measly one tenth of an acre of former farm land. The same land that developers and State Governments have managed to convert from \$10,000 per hectare to \$1 million a hectare. This behaviour leaves all other forms of price gouging in its wake. I can't fully express the contempt I feel towards these groups. When challenged about this, and asked "*Why are you letting this happen?*" a senior State Government politician responded, "*We need the money*".

Little wonder that politicians are so easily captured and conned by the constant procession of rent-seeking crony capitalists whose job it is to enrich one group of Australians – themselves, at the expense of another – first home buyers. Rent-seekers are the scourge of business and politics. They tarnish the political process, distort the market and in the case of land development distort the entire economy.

Land price manipulation through planning controls

The second barrier is the proliferation of National, State and Local government planning and building controls which add cost, confusion and delay. Let me give you an example:

A few years ago I bought a block of land on a very busy main road in one of Australia's capital cities. I submitted plans to the local shire council to build 12 semi-detached home units on the land and, as the zoning allowed for such a development I didn't expect any problems. That was of course until I came up against the Council Town Planner who said he'd recommend the development be approved "*subject to the provision of noise attenuation devices*" across the front of the property – noise attenuation is a fancy name for sound proofing. I tried to point out that there were thousands of kilometres of main roads across the country with many hundreds of thousands of dwellings and it seemed

to work in most places without “sound attenuation”. In any event, I told him that the project was actually geared towards older people, many of whom actually prefer the noise of traffic and pedestrians. Older people felt safer on a main road than in some quiet back street or cul-de-sac. The Town Planner was having none of it – he wanted his noise attenuation devices. Naturally I tried the commercial arguments on him that people who didn’t like noise wouldn’t buy them and that the market would sort it out. For reasons known only to Town Planners but obscure to common sense, he rejected all my pleas and I had an acoustic engineer design a front fence to assist with noise attenuation. No sooner had I finished the job than the Royal Society for the Deaf bought all the units – all twelve of them.

My point in telling that story is not just about the addition of unnecessary costs but there is no greater insult to the integrity of a human being than for the State to presume it knows what’s best for you. The problem is, people do not like being told how to live so they reject the planner’s plan. This creates an opportunity for the rent-seeker who helps the planner with ideas about how to force people to adopt the planner’s plan. The planner gets the plan, the rent-seeker gets the rent, and the public gets well the public gets what the public always gets ... duded. Fixing this isn’t going to be easy. As has been sagely observed, *“It is difficult to get a person to understand something when their salary depends on them not understanding it”*.

Breaking the housing barrier

The Federal Government has some formidable weapons at its disposal to unlock affordable land for housing and I would call upon the Prime Minister and Treasurer to use them.

The first means for the Federal Government to break the housing barrier would be to use the Grants Commission to punish States and Territories for land price gouging that is currently taking place. If States persist in making monopoly profits the Commonwealth should reduce their fiscal grants accordingly – based on last year’s profits, that’s \$600m million in one year’s Federal budget savings to begin with.

The second way to break the housing barrier would be for the ACCC should be asked to investigate this Land Developer/State Government collusion with respect to the Competition and Consumer Act. Even if the ACCC is not outraged, we should be outraged at this situation. It is robbing an entire generation of the opportunity to build and own a decent home.

Thirdly, I invite the Federal Government to put these reforms and housing affordability on the COAG Agenda.

Fourthly, the Commonwealth could of course create affordable land in the ACT and Northern Territory if it wanted to lead the way on affordable housing.

There used to be a newspaper advertisement with the headline: *“If you do nothing else, make sure you own your home by the time you retire.”* There is no better hedge against poverty in one’s later years than to be in one’s own home. If people don’t, the implications for us here in this place will be enormous as an increasing ratio of retirees to those in the workforce means future pensions will never be enough to meet either mortgage costs or rent. Who is going to pick up the tab? State governments who took the retirees’ money when they started out? I doubt it.

WHY CREATING ACCESSIBLE ENTRY POINTS MATTERS

It all comes back to the entry point – getting a job, buying a house, starting a business, even starting a political party. This is where the incumbents put aside their differences and unite to keep out new entrants. I know companies don’t like new entrants coming along under-cutting them, especially when the new entrant doesn’t have all the overheads they have but that is the basis of a dynamic and prosperous economy. We should reject their pleas.

Personally I don’t care if some people get \$1m a year to do what they do – it is interesting isn’t it that we don’t seem to mind if a tennis player

or golfer earns \$1m a year for hitting a ball or an entertainer earns \$1m a year for opening their mouth and singing or acting in a film but we baulk at someone earning \$1m a year to expertly run a company. As far as I am concerned, as long as the entry point to getting a job or the first rung on the employment ladder is low, I don't care how much those on the highest rungs get. Many captains of industry tell of their character-building modest beginnings. Likewise with houses, I don't care if inner suburban houses are worth \$1m each as long as the entry point to home ownership is low enough to be accessible to someone on a low income.

How much longer are we going to keep locking people out of employment and housing? I've spent the last 30 years helping the jobless and the homeless, and the situation is getting worse. Unemployment and homelessness are on the rise. We've all got jobs and houses, why can't they? Removing the barriers to jobs and housing would not only transform the lives of thousands of Australians, it would transform the Australian economy. I had a briefing with Treasury officials just a few days ago and was presented with a bleak outlook on the Australian economy showing rising unemployment and an 'activity gap' in investment following the resources boom. I said, "*What about housing construction, would that fill the activity gap?*" The Treasury official said 'yes it would'. So there you have it – 'jobs and houses!' Even Treasury agrees with me.

On being a Conservative

I am a conservative. Family First is a conservative party. To paraphrase Oscar Wilde, "*Only progressives become old fashioned, conservatives are always in fashion.*" Conservatives acknowledge the achievements of previous generations. They are realists. They see what works and what doesn't work. And what works are free markets, property rights, the law of contract, sound economics, strong families and strong values. They know the facts of life are on their side. Yes, others have tried many times to bury conservatism but the body keeps coming back to life after every outbreak of instability to out-live all the pall-bearers.

... and a Federalist

I'm also a committed federalist. To quote Sir Samuel Griffith, the first Chief Justice of the High Court of Australia, "*We must not lose sight of the essential condition that Australia is to be a federation of States, not a single government of Australia. The separate States are to continue as autonomous bodies, surrendering only so much of their power as is necessary to the establishment of a central government to do for them collectively what they cannot do individually for themselves.*"

In other words, 'the States are equal to the Commonwealth - and equal to each other'. For someone from Adelaide, who well remembers Bob Hawke's famous line, "*We're all Australians, whether we're from Melbourne or Sydney*", this was music to my ears.

As we keep being reminded, the Commonwealth Government doesn't have the money to do all the things it wants to do. And as the High Court has recently demonstrated, it also doesn't have the power it thinks or pretends it has. The Commonwealth has to start giving up some of its power and control.

Supporting community-based, experienced leadership

More than at any time since World War II, Australia needs leaders who understand how the world works, why investment decisions are made, how markets work and how real jobs are created. Whether it's mining, farming, manufacturing, tourism or small business, anything not based on economic reality is doomed to failure.

The 21st century revolution in communications and information technology has provided individuals with enormous resources and access to information on everything from franchise options to business checklists to smartphone apps offering services and products globally. Google has replaced Government. And just as freedom has undermined dictators abroad, so it has empowered thousands of ordinary Australians.

So there is no need for governments to get involved in industry plans or investment spending or growth stimulation or industry subsidies, because those making the decisions on these things – politicians and government bureaucrats, don't know enough to make the correct decisions. If they did, like the former Member for Wakefield and original Modest Member Bert Kelly once said, *“they wouldn't be here they'd be sitting in the South of France with their feet in a bucket of champagne!”*

Breaking barriers to national maturity

As many here would know, the fledgling Australian settlement was based on 5 key protective supports – two economic, two social and one of imperial benevolence of the mother country. The two social supports were the White Australia Policy and State Paternalism. The two economic supports were Tariff Protection and Compulsory Workplace Regulation. These two went hand in hand. Imperial benevolence, the White Australia policy, State paternalism and Tariff Protection have all gone. There's one left – Compulsory Workplace Regulation. After 114 years, it is time people were given the freedom to opt out.

If, at the end of my term in parliament:

- everyone who wants a job has one, and
- everyone who wants to own a home can do so, and
- my home State is stronger and more independent than it is now,

then my time in this place will end well.

Personal remarks

In conclusion, I would like to thank all those who made it possible for me to be standing here today. My wife Bronte and my family, my long-standing personal assistant Joy, my business partner John, my political mentors Bert Kelly and Ray Evans, my Family First State colleagues past and present Andrew Evans, Dennis Hood and Rob Brokenshire, our candidates, volunteers and staff, thank you all so much.

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