

# Why can't we build cars like we build houses?

## Bob Day

Before becoming a Senator I was a homebuilder. I built my first house in 1979 and over the ensuing 35 years my companies built tens of thousands of new homes in Melbourne, Sydney, Brisbane, Adelaide and Perth. I was active in all aspects of the housing sector from my early days and was elected State President then National President of the Housing Industry Association. One of my principal areas of concern was addressing unemployment – youth unemployment in particular, and homelessness.

When I started in the building industry every tradesman had an apprentice and I had never heard the term 'youth unemployment'. Today youth unemployment is over 40% in some areas and is considered one of the great tragedies of our time. As for housing affordability, a person on the minimum wage was able to buy their first home.

As President, I travelled to a number of countries looking at how those countries' housing industries operated. I did not see a housing industry anywhere building detached houses any more efficiently than Australia's homebuilders. The Australian homebuilding industry is without doubt a model of world class competitiveness. The principal reason for this is our sub-contract ("subbie") system comprising hundreds of thousands of trade contractors – bricklayers, carpenters, plumbers, electricians, house designers, sales people, estimators, schedulers and site supervisors. A classic example of how this works in practice goes like this:

A bricklayer walks into a homebuilder's office and asks, *"How much are you paying your bricklayers at the moment?"* The building manager may reply, *"\$900 per thousand."* (ie \$900 for every 1000 bricks the bricklayer lays). *"I'll do it for \$800,"* says the bricklayer. *"Great, when can you start?"* replies the building manager. Multiply that exchange a thousand times across a hundred different aspects of the housing industry and you get a glimpse of how the housing industry operates.

The beauty of this system is, everyone in the country understands and accepts it. It keeps the cost of housing down, keeps everyone on their toes and ensures a world competitive industry. At the same time, people who work in the industry earn above average earnings and enjoy what they do.

Now let's apply that same scenario to the car industry. Someone walks into the Holden car plant in Adelaide and asks, *"How much are you paying your people to put the seats in those cars?"* The plant manager responds, *"All up, about \$80,000 a year".* *"I'll do it for \$50,000,"* says the visitor. If the manager were to respond with, *"Great! When can you start?"* all hell would break loose!

Why is that? Why is it alright for bricklayers or carpenters or draftsmen or salesperson or site supervisors to decide what they are prepared to work for, but not a car worker?

As a result, the housing industry flourishes and the car industry disappears.

And it's not as if there aren't people ready, willing and able to work for \$50,000 a year. The Holden plant in Adelaide is located in a suburb called Elizabeth where house prices are low - you can still buy a 3 bedroom house for \$160,000 and employees can either walk or ride a bike to work. Elizabeth also happens to be the area where youth unemployment is over 40%.

Holden is about to shut down its manufacturing plant. Once it has shut down and all those on \$80,000 a year have received their taxpayer subsidised payouts, perhaps someone could re-open the plant and take a leaf out of the housing industry's book. I have absolutely no doubt the new start-up car plant would be inundated with applications from people wanting to work. And what would give anyone the right to deny those people who are presently unemployed the right to work under terms and conditions which they say are good for them and their family?

***Bob Day AO is a former South Australian Senator***