AUSTRALIA'S HOUSING CRISIS REQUIRES ECONOMIC DISRUPTION

- Lessons of the humble Aussie meat pie
- How we got here
- Why we are at a tipping point
- The reform agenda we need

3RD EDITION

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The Lessons of the Humble Aussie Meat Pie

The Housing Crisis Requires Economic Disruption

The third edition includes helpful suggestions from colleagues and AI, including recommendations for reform

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The Pie at the Centre of the Debate

The discussion about Australia's housing crisis circles back to the same fundamental question: how do we grow the pie? The argument, put simply, is that if we focus on expanding the economic pie through genuine growth, productivity and good industrial relationships, many of the problems we face today will begin to resolve themselves. More output, more revenue, more tax receipts, and ultimately more capacity to fund the services and entitlements that Australians rightly expect.

But the concept of "growing the pie" can feel abstract. To make it concrete, there is no better example than the story of one of Australia's most iconic products: the humble Aussie meat pie. And not just any pie, but the Four'N Twenty pie, a product so deeply woven into the fabric of Australian life that it is virtually inseparable from the culture itself.

From Lakes Entrance to the World: The Patties Story

The story begins with the Rijs family, Dutch immigrants who in 1966 bought a modest cake shop called Patties in the small coastal town of Lakes Entrance, in Victoria's Gippsland region. They were not economists, accountants, lawyers or engineers, and had no university education. What they brought instead was a grounding in business and baking from the Netherlands, an instinct for enterprise and a willingness to work as a family, even if the Australian meat pie was new to them.

The bakery was successful enough that the family expanded into nearby Bairnsdale, where they acquired the Sunicrust Bakery in 1976 and built a new pie factory in 1985. From Bairnsdale, they began distributing to Melbourne in 1986 and manufacturing pies at increasing scale. What started as a small family enterprise, known as Patties Pies, grew with extraordinary speed. Over the following decades, the Rijs family built Patties Foods into one of the largest frozen savoury food manufacturers in the world. In 2003, Patties acquired the iconic Four'N Twenty brand from Simplot, bringing together the family's manufacturing capability with one of Australia's most recognised pie brands.

Patties is a global leader in its category. To put the scale in perspective, between 30,000 and 50,000 Four'N Twenty pies are sold at the AFL Grand Final alone, an event that draws over 100,000 fans to the MCG each year. Few sporting events anywhere in the world rival that volume of pie consumption. The Four'N Twenty pie and the AFL Grand Final are so intertwined that one is almost unthinkable without the other. It is a uniquely Australian achievement, and it began with a migrant family in a small town with a population of a few thousand.

The Patties story is a powerful example of what immigrants can do for this country when they are given the opportunity and the conditions to succeed. It is a story of enterprise, hard work and the kind of practical ingenuity that built modern Australia. And it carries lessons that extend far beyond the bakery.

The Economics of the Pie

The Rijs family understood something that many policymakers seem to have forgotten: the key to business success is driving efficiency. Their approach was straightforward. Either you make more pies at the same cost, or you produce the same number of pies at a reduced cost. There is no mystery to it. It is the basic engine of productivity.

With that principle as their guide, the family went about fine-tuning every element of their operation. They refined their pastry. They improved the source of their Australian-only meat. They optimised their manufacturing processes. Step by step, they were able to produce more and more pies at a lower and lower unit cost.

In economic terms, they satisfied the fundamental criteria for productive success: more output for less input, or the same output for less. This is what productive growth looks like in practice, and it is a lesson that scales from a single bakery to an entire national economy. When a business can produce more at less cost, everyone benefits: the business thrives, workers are employed, consumers get a better product at a better price, and the government collects more tax from a larger base of economic activity.

The Obstacles to Growing the Pie

If the path to prosperity is so straightforward in principle, why is Australia struggling? The answer lies in a series of policy decisions that are making it harder, not easier, for businesses to grow.

The government does not appear to accept that productivity-led growth is the best path forward. Instead, it is layering on more and more costs. Taxes are increasing. Wages are rising without corresponding productivity gains. The cost of capital is rising. Energy prices continue to climb. Rents are under pressure. Compliance requirements are expanding, with new obligations being added to existing ones and no cost-benefit analysis undertaken. Each of these represents an additional cost that the pie maker, whether literal or metaphorical, must absorb.

The government does not understand the difference between taxing a larger share of a shrinking pie and taking a smaller percentage of a growing pie, which generates a greater amount of tax. If you lower the tax rate but create the conditions for businesses to produce more, the total tax revenue can remain the same or even increase.

Countries that have deliberately reduced tax rates, including Ireland, Singapore and the Baltic states, have typically seen a significant increase in economic activity. The resulting expansion in the tax base generates higher total tax revenue even at lower rates. This is not merely a theoretical proposition. The evidence from these jurisdictions, while influenced by other factors such as EU membership in Ireland's case, strongly supports the directional point. The key insight is that tax rates and tax revenue are not the same thing.

It is a principle that the Rijs family grasped instinctively: lower input costs drive greater output, which drives greater overall returns.

The Rijs family did not learn this in a business school. They did not study economic theory. They learned it on the floor of their bakery, through trial and error and the relentless pursuit of efficiency. That practical understanding of how business actually works is precisely what is missing from the current policy conversation.

The Business Experience Gap in Government

Patties, like so many Australian businesses, is frustrated by the disconnect between government policy and business reality. That frustration is not surprising when you consider the composition of the current federal cabinet. At the time of writing, there is only one member of cabinet with any meaningful business experience: the Minister for International Trade, Don Farrell, whose exposure to the private sector was limited to tending a small vineyard in South Australia's Clare Valley.

The rest of the cabinet is drawn overwhelmingly from backgrounds in unions, ministerial staffing, teaching, and the public sector. These are not dishonourable careers, but they provide virtually no exposure to the pressures, dynamics and realities of running a business. When the people making economic policy have never had to meet a payroll, manage a supply chain, or absorb a cost increase without passing it on, the resulting policies tend to reflect that gap. It is the difference between understanding business as a concept and understanding it as a daily reality where every cost matters, margins are thin, and survival depends on producing more for less.

Ultimately, it is business activity, the trading of goods and services, that produces taxable income. It is businesses that employ people, pay wages, collect GST, remit payroll tax and generate the corporate tax receipts that fund government expenditure. When you look at the revenue the government receives from the most prominent corporations alone, the numbers are staggering.

The 4 largest mining companies, the 4 major banks and the leading retailers between them contribute an enormous share of all corporate tax paid by Australia's 2,700 largest companies. That revenue depends entirely on those businesses being viable and growing. Squeeze them and the tax take falls. Help them grow, and the tax take grows with it.

The Hawke-Keating Contrast

It was not always this way. In the Hawke and Keating era, Labor understood the relationship between business and workers intimately and maintained close relationships with senior businesspeople who spoke to them honestly. The Accord was built on a simple but powerful idea: that increased pay should be funded by increased productivity. Business and the union movement were brought together, not set against each other. Agreements were struck where workers benefited from growth, and growth was made possible by cooperation.

The Accord was not without pain. Real wages were suppressed for extended periods and the productivity gains were unevenly distributed. It succeeded precisely because both sides made difficult concessions, not because it was harmonious. This approach was continued by the Howard-Costello government.

In a book and series of newspaper articles by Paul Kelly in The Australian, he writes about Exceptionalism and how during the Hawke-Keating/Howard-Costello years, Australia's economy boomed and we had significant growth, improvement in productivity and our standard of living but then went on to highlight that subsequent to that period, Exceptionalism has vanished and our economy began to decline confirming much in this paper.

Bob Hawke's unusual background gave him an acute interest in and understanding of what was in the national interest, and an empathy for what employers needed that is entirely absent today. His leadership in driving enterprise agreements, trading productivity gains for wage increases under the Accord, benefited the whole economy. It curtailed the power of the more aggressive unions by channelling bargaining into productive, enterprise-level deals. The framework delivered some of the most significant economic reforms in Australia's history. It opened the economy, lowered tariffs, floated the dollar and set the foundation for decades of prosperity.

It worked because it was grounded in a recognition that business and workers are not adversaries in a zero-sum game. They are partners in expanding the economic base. The distinction drawn from Adam Smith's work between self-interest and selfishness is relevant here. Selfishness is for me only, whilst self-interest has mutual benefits.

For the current government, productivity appears to be a closed book. The Productivity Commission's own data tells the story: Australia's labour productivity growth has averaged below 1% per annum over the past decade, well below the long-run average and among the weakest in the OECD. Real unit labour costs, meanwhile, have risen as wage increases have outpaced productivity gains. GDP per person has risen by just 4% this decade, making the 2020s to be the weakest period for living standards since the 1910s. The OECD indicated in July that real wages had fallen 5% over the last 5 years, one of the worst results amongst the 38 OECD members.

You could argue the government has a binary approach to labour or capital. For Labor, it is one or the other. There is no attempt to meld both for our common benefit. The focus has shifted almost entirely to the welfare of workers, with concessions and benefits granted without adequate consideration of the pressure they place on the business sector.

There is little evidence of empathy for, or understanding of, how businesses operate, what they need to grow, and what happens when their margins are squeezed to breaking point. The private sector is shrinking relative to the public sector. Public-sector employment and wages are rising. Each time activity shifts from the private sector to the public sector, growth weakens, because it is the private sector, not government, that generates the activity and revenue an economy grows on, and that ultimately funds the rising bill for entitlements.

The Cost of Lost Competitiveness

The consequences of this approach extend well beyond Australia's borders. Australia is a young nation that has historically funded much of its growth through overseas capital. A substantial proportion of our investment funding comes from international sources, with foreign investment stock representing around 181% of GDP. That dependence on foreign capital means our international competitiveness is not just a matter of national pride. It is a matter of economic survival.

If Australia is not competitive, our ability to attract and service foreign investment is compromised. Capital flows to where it can earn the best risk-adjusted return, and if our costs are too high, our regulations too burdensome and our productivity too low, that capital will go elsewhere. When foreign capital is making an allocation decision between Australia, Canada, Singapore, the UK and the United States, the relevant comparison is not just tax rates but the overall investment climate, including regulatory certainty, labour market flexibility, approval timeframes and the ease of repatriating returns. Australia is deteriorating on most of these metrics.

A reduction in foreign direct investment has compounding effects. Less FDI means fewer jobs, less technology transfer, reduced export income and lower tax revenues, creating a negative feedback loop that the government's domestic spending plans are not designed to address. The consequences ripple outward through our capacity to borrow, to invest, and to sustain the standard of living that Australians have come to expect.

Industrial Relations and the Building Sector

Among the most consequential policy changes is the overhaul of industrial relations. Minister Burke pushed through sweeping IR reforms, bypassing a Senate inquiry in the process, doing a deal with Senator Pocock, an ACT independent, that fundamentally altered the relationship between workers and businesses. Senator Pocock later, with full knowledge of the effect of the legislation, regretted his support of the IR reforms. Union powers were significantly enhanced. The government has since mandated that government contracts can only be awarded to companies that are, in effect, unionised. This is a profound shift in the balance of power, and its effects are being felt across the economy.

Nowhere is this more acute than in the building and construction sector, where the CFMEU remains a dominant force. As an integral part of the union movement that funds the Labor government, the CFMEU wields enormous influence. The result is stark: the CFMEU has been estimated by industry groups to add up to 30% to building costs, though this figure is contested. That is not a marginal increase. It is a cost that fundamentally changes the economics of construction. Australia now has one of the highest construction costs in the world and is regarded by international contractors as one of the most difficult markets to deal with.

This cost does not stay contained within the unionised segment of the industry. It flows on to the rest of the sector, where there is already immense pressure on worker availability, wages, subcontractor rates and the price of building materials. Everything is inflating simultaneously. The consequence is that **builders will not build and developers will not develop**, because there is simply no profit in it. The numbers do not work. There is no margin left. A development only proceeds when the expected revenue exceeds the full stack of costs: land, construction, holding and finance costs, and a margin large enough to compensate for the risk being taken. When construction and finance costs rise faster than achievable sale prices, projects are no longer economic, and rational builders and developers will not proceed.

The deeper tragedy is that the conduct of the CFMEU and a small number of other militant unions damages the many good unions and unionists who are reasonable in their demands and genuinely concerned with balancing the interests of their members, their employers and the national interest. The current government's refusal to confront the CFMEU is not just a failure of economic policy. It is a betrayal of the moderate union tradition that made the Accord possible and that delivered genuine benefits for Australian workers and businesses alike.

In effect, the government's own policies, including its unwillingness to confront the CFMEU, have become a primary driver of inflation in the construction sector and, by extension, a primary driver of the housing crisis itself. Some policies though are welcome at the margin in getting developers to develop and builders to build. The 10s of billions of dollars spent however are not and will have little effect on housing starts.

These monies will be much more effectively spent on removing the tax burden on builders and developers.

The Banking System and the Housing Imbalance

The problems in the housing sector are compounded by a structural distortion in the banking system that has built up over decades. Australia's four major banks control roughly 80% of the market, and APRA's capital allocation rules have driven an extraordinary shift in the composition of their lending. As the former CEO of the National Australia Bank, Don Argus, has argued, the banks have effectively become building societies.

APRA treats residential mortgages as less risky than commercial and development lending, so banks are required to hold less capital against a mortgage than against a development loan. Competing on return on equity, banks drive mortgage lending hard because it consumes less capital. The result is a damaging asymmetry. The same framework that makes mortgages cheap to fund and therefore plentiful also makes development and construction lending relatively expensive in capital terms, so banks ration it. In other words, the financial system simultaneously inflates demand through abundant, competitive mortgage credit while constraining the supply of new homes through tight, conservative development finance.

This matters enormously for the housing crisis. Builders and developers depend on bankers, and banks want to see satisfactory margins, presales and cash flow before they will lend. They have become increasingly reluctant to provide construction loans, which means that, at the very point where we need supply, the banks are making it harder to deliver. So we begin from an economic structure carrying too much household debt, with banks that have lent too heavily into mortgages and too cautiously into the construction that would relieve the shortage.

The macroeconomic environment compounds the problem. The RBA's interest rate settings profoundly affect both sides of the housing equation: higher rates increase mortgage costs and dampen demand, but they also increase the cost of construction finance and erode developer feasibility on the supply side. While monetary policy is beyond the scope of any single-sector reform agenda, any serious discussion of the housing crisis must acknowledge that the interest rate environment is a significant factor in both the demand pressures and the supply constraints that the sector faces.

APRA is also responsible for the huge growth, high interest/risk loans in the private credit market. APRA by pushing mortgages to the detriment of the rest of their loan book have created a void into which private credit has moved, some suggesting an imbalance in the overall loan market. In future, it may well be argued that banks will have lost less money on their wholesale loans to the private credit market as opposed to the banks creating higher interest/risk products lent in ways that might have improved their overall risk profile in some geographies and sectors.

The trading banks' response to the thriving private credit sector is an anti-competitive one of seeking the sector to be regulated, instead of being pro-competitive and developing its own products.

Investment Issues

It is fortunate for the Rijs family that they established their business before the introduction of capital gains tax. But the proceeds, now invested, will be subject to more rigorous tax rules. On selling any share or asset, regardless of how long it has been held, a minimum 30% tax will apply, or the marginal rate on the real profits after inflation, if higher, and individual investors will face constraints on their ability to offset capital losses against gains across different asset classes in the way that large pooled vehicles can.

The large investment funds, many of which are controlled by the unions through industry superannuation, will retain the structural advantage of pooling returns across a diversified portfolio and paying tax on the net outcome. This creates a two-tier system that penalises the individual investor and the family that has built wealth through enterprise, while protecting the institutional structures aligned with the union movement.

The Rijs family story illustrates the perversity of this perfectly. A migrant family arrives with nothing, builds a national business through decades of hard work and efficiency, creates thousands of jobs, and eventually realises the value of what they have built. Under the new settings, the government takes an ever-larger share of that success, while the institutional funds aligned with its political base enjoy more favourable treatment. The signal this sends to every aspiring entrepreneur and investor is deeply discouraging.

The investment climate for shares, property and businesses has changed dramatically, and it is inevitable that it will affect investment decisions. Risk appetite will fall. When the tax system punishes success but does not compensate for failure, the rational response is to reduce exposure, hold cash, pay down debt or invest conservatively rather than backing new ventures or growth companies. But the government is more concerned with the worker and cannot see the benefit of working with business to grow the pie. Instead, they have retreated to their union culture, the dominant influence on Labor policymaking.

The Albanese government hopes the pain of recent budget measures will fade as other national issues emerge. But the pain extends beyond the announcement to the reality of implementation. Implementation will affect a wider range of people, unforeseen consequences will emerge, and the fallout is likely to be adverse for Labor up to and including the next election. The same applies to the government's industrial relations changes.

A Universal Frustration

This frustration is not confined to any single industry. It is being felt at every level of business in Australia: by the small tradesman working on residential jobs, by the farmer battling rising input costs, by mid-sized businesses trying to compete and grow, and by the large corporates whose margins are being eroded quarter by quarter.

The pattern is the same everywhere. Revenue is flat or under pressure. Costs are rising. And no policy framework exists to address the underlying dynamic. The building sector is in deep crisis, with the rate of builder failure high and rising. But the malaise extends well beyond construction. Every sector that depends on affordable inputs, a flexible labour market and a supportive regulatory environment is feeling the squeeze.

The Spectre of Stagflation

There is a word for what happens when prices are rising, revenue stagnates and costs continue to climb: stagflation. It is one of the most dangerous conditions an economy can face, because it is extraordinarily difficult to break out of. The usual policy levers, stimulating demand to boost growth, or tightening to control inflation, work against each other. You cannot easily do both at once.

Housing is the clearest example. We have the makings of stagflation in the sector: builder and developer revenues are falling while their costs are rising. The result is fewer builders, fewer developers, and fewer employees and subcontractors available to do the work. In the context of the housing crisis, the situation is so severe and multifaceted, lasting for years, that it will only be solved through significant disruptive policies and action. Incremental adjustments will not be enough. What is needed is bold, structural reform to planning, to industrial relations, to tax policy, to the banking and capital framework, and to the regulatory burden on development/construction. Whether the current government has the stomach for that level of disruption remains very much in doubt.

The Human Cost

In the meantime, the building/development sector, like many other sectors of the economy, is suffering. But the real cost is borne by ordinary Australians. Our standard of living is falling. GDP per capita is declining. At the same time, the rate of business failure is escalating. The tax burden on income is increasing. If these trends continue, rising unemployment will follow, as will the depth of the recession, recognising that some existing sectors and geographies are already in recession. There are no signs that our standard of living will stop declining unless there are serious policy changes.

Young Australians face a particularly difficult outlook. The combination of rising rents, limited housing affordability, HECS/HELP debt and limited career advancement in a stagnant economy creates a compounding disadvantage for those entering the workforce. They are locked out of housing, burdened by public debt and carrying the fiscal weight of an ageing population.

The strain is now measurable. Roy Morgan's weekly update for July 2026 recorded mortgage stress rising 1.3% to 30.3%, its fifth consecutive monthly increase. As the report noted, "A share of 30.3% of mortgage holders 'At Risk' of mortgage stress is equivalent to 1,606,000 people – up 68,000 on a month earlier – and now up for five straight months." That figure is closing in on the record high of 35.5% reached during the Covid-19 pandemic.

This is not just an economic problem. It is a social crisis that threatens the cohesion and optimism that have traditionally defined the Australian character, which Hawke and Keating recognised as did Howard and Costello, creating years of improved living standards and greater GDP per capita. So the Labor movement is capable of changing, but under Albanese, that is unlikely.

The government, at this point, appears unwilling to face up to this reality. The public discourse is dominated by justification of current policy settings, with no meaningful effort to reach agreement with the business sector on how to grow the pie. The government spends its time defending what it has done rather than confronting what needs to be done.

In the section that follows we look at the past and the reality of current policy. In the section beyond, we also look at some of the entrepreneurs who have built Australia.

The Mining Foundation

Australia's current prosperity rests heavily on a mining sector that was built by a relatively small number of visionaries, most of whom launched their projects in conditions that would be unrecognisable today. The scale of what mining contributes to the national economy is extraordinary. Resources and energy exports account for roughly 10% to 12% of GDP, and the corporate tax paid is a substantial share of revenue. Australia's fiscal position would be unrecognisable without mining. The scale of what individual mining pioneers achieved, from Lang Hancock's iron ore discoveries to Andrew Forrest's Fortescue, is detailed in Appendix 1.

Beyond Mining: The Entrepreneurs Who Built Australia

The Patties story, powerful as it is, is far from an isolated case. Australia has a remarkable history of individuals and small teams turning modest local operations into national and even global businesses. Each reinforces that enterprise, given the conditions to succeed, generates wealth, employment and tax revenue benefiting the entire country. See Appendix 2.

Conclusion: Lessons from the Humble Aussie Pie

So the story comes full circle, back to the humble Australian meat pie. One of the best of its kind in the world. Produced at a scale unmatched anywhere on earth by Patties Foods, a company born from a migrant family's bakery in Lakes Entrance.

The lessons of the pie are simple but profound. Efficiency drives growth. Lower input costs enable greater output. A larger pie generates more for everyone, including the government and the workers it seeks to protect. These are not theoretical propositions. They are demonstrated facts, proven on the factory floor by people who understood business not from textbooks but from doing it.

The housing crisis will not be solved by tinkering. It requires the same kind of thinking that turned a small-town bakery into a global enterprise: a relentless focus on producing more for less, a willingness to innovate and the courage to make disruptive changes when the status quo is clearly failing. The solution is to make building economic again, and because construction is so large a part of the economy, restoring developer feasibility would lift both housing output and the profitable growth of the economy as a whole.

There is also a broader reason to start with housing. The reforms proposed in this paper should be treated as a trial for the wider economy. If the taxes forgone, principally GST and payroll tax, are more than offset by the additional personal income tax from workers and corporate tax from businesses that increased construction activity generates, the model can be extended to other sectors facing similar structural constraints. Housing reform is not just about housing. It is a test case for whether Australia can restore the conditions for productive, enterprise-led growth.

Australia has done it before. The Hawke-Keating reforms proved that a Labor government, working honestly with business and unions together, could transform the economy and deliver prosperity for all Australians. Howard and Costello unashamedly followed the same path, creating a period of significant growth and cooperation between business and workers.

What Should Happen Now

None of the current policies together will solve the problem. They will not persuade the builder to build or the developer to develop. Given the depth, complexity and duration of the crisis, incremental adjustment will not be enough. What is needed is a comprehensive, disruptive reform package that addresses the full range of structural barriers simultaneously. The core reforms fall under six headings.

First, tax reform to restore building economics: a five-year GST exemption on Australian-made building materials and services used in residential construction, payroll tax relief for housing construction workers funded through Commonwealth-state cost sharing, and reform of developer contributions and infrastructure charges.

Second, regulatory streamlining: independent cost-benefit reviews of every regulatory agency that touches housing, a National Construction Code review focused on the cumulative cost of compliance, urgent planning and zoning reform to increase density along transport corridors, and accelerated release of surplus government land.

Third, industrial relations reform: legislative amendment to require the Fair Work Commission to consider the economic viability of the building sector, measures to curtail the CFMEU's influence over building costs and government contracting, and restoration of a federal construction authority with expanded powers.

Fourth, financial system reform: a review of APRA's capital adequacy risk weightings to reduce the bias toward mortgage lending at the expense of construction finance, and tax and regulatory changes to encourage institutional investment in build-to-rent housing.

Fifth, workforce: priority skilled migration for building trades, with expedited visa processing and streamlined skills recognition.

Sixth, governance and implementation: a housing reform agreement through National Cabinet modelled on the National Competition Policy payments, dedicated ministers for productivity and regulation at federal and state level, and a consolidated information portal for the housing development sector. The adoption of modern methods of construction, including modular and prefabricated building, should be actively encouraged as part of this agenda.

The Patties story is, at its heart, a story about applying manufacturing efficiency to production. The same logic applies to housing: offsite construction can deliver homes faster, at lower cost and with less waste, yet Australia lags comparable countries in its adoption. A serious productivity-focused housing agenda should address this directly.

These proposals, and the detailed implementation considerations behind them, are set out in full in Appendix 3.

This paper draws on insights from business leaders with direct experience in Australian manufacturing, construction, and economic policy.

Appendix 1 – The Mining Foundation

Iron ore is the largest single contributor among the commodities, generating export revenues exceeding $150b annually, contributing between 5-6% of GDP directly. The story begins with Lang Hancock, who in 1952 spotted vast deposits of red ore from his light aircraft and spent years lobbying the Commonwealth to lift its ban on iron ore exports, a ban that was not removed until 1960. Once lifted, the development moved quickly. Rio Tinto-Hammersley Iron shipped its first iron ore from the Pilbara in 1966, just six years after the regulatory barrier fell. BHP developed the massive Newman deposit and was producing ore by 1969. The entire infrastructure of rail, port and mine was built from nothing in remote desert country in a few years. More recently, Andrew Forrest founded Fortescue in 2003 and shipped his first ore in 2008, a feat of entrepreneurial determination.

Gold transformed New South Wales and Victoria from quiet pastoral colonies into booming, globally connected economies almost overnight. Paddy Hannan's discovery at Kalgoorlie in 1893 opened the Golden Mile, one of the richest square miles of gold-bearing earth on the planet. **Western Mining Corporation**, under leaders including Arvi Parbo and later Hugh Morgan, became one of the most important mining companies in the country's history. Newcrest Mining grew into Australia's largest pure gold producer before its merger with the global giant Newmont in 2023.

Coal, in both its forms, has been equally foundational. Thermal coal from the Hunter Valley in New South Wales has been mined since the earliest days of the colony and remains a major export earner. Metallurgical coal, essential for steelmaking, is concentrated in Queensland's Bowen Basin, which was opened up from the 1960s and 1970s by companies including **Utah Development**, Thiess and what is now the BHP Mitsubishi Alliance.

Uranium tells the most frustrating story of all. Australia holds roughly 28% of the world's known uranium reserves, the largest share of any country. WMC discovered the **Olympic Dam** deposit in SA in 1975, one of the largest ore bodies on earth, containing not just uranium but copper, gold and silver. First production came in 1988. The Ranger mine in the NT, discovered in 1969 and developed by Energy Resources of Australia, has been another significant producer. A combination of the three mines policy, state-level bans and relentless political opposition has kept uranium's direct contribution to GDP negligible. It is a case study in how regulatory and political barriers can prevent a nation from realising the value of its own natural wealth.

It is extraordinary that Labor is now proposing the sale of uranium to India for peaceful purposes, but will not allow uranium to be used in Australia for various purposes including nuclear energy, which is happening in many other countries.

These stories show the speed at which projects were approved and built in an earlier era compared with the near-impossibility of doing so now. Hamersley Iron went from approval to first shipment in roughly 6 years through some of the most remote and logistically difficult terrain in the country. Mt Whaleback was built in 3-4 years. It is reasonable to ask whether the mines that built modern Australia could ever have been approved under today's regulatory settings. The honest answer is probably not, or at least not within any commercially viable timeframe.

Appendix 2 – Beyond Mining: The Entrepreneurs Who Built Australia

Look at some only of the other entrepreneurs who have developed Australia.

Consider the building materials sector, which is directly relevant to the housing crisis at the heart of this paper. **Boral** was founded in 1946 and grew into one of the largest construction materials companies in the Asia-Pacific region, supplying concrete, asphalt, quarry products, timber and roofing across Australia and internationally. **Brickworks** similarly grew from a domestic brick manufacturer into a diversified building products and investment group.

These companies did not emerge from venture capital or government programs. They were built by people who saw a need, started making things, and scaled up because the economic environment allowed them to.

In **logistics and distribution, Lindsay Fox** started **Linfox** in 1956 with a single truck and built it into one of the largest privately owned logistics companies in the Asia-Pacific, operating across 10 countries. **Richard Pratt** built **Visy Industries** from a modest packaging business in Shepparton into one of the largest privately owned paper and packaging companies in the world. Both businesses were built from nothing over decades, driven by the relentless pursuit of efficiency and scale that the Rijs family would have recognised instantly.

In **technology and innovation**, Australia has produced contributions of global significance. The **CSIRO** developed the core technology behind Wi-Fi in the 1990s, a wireless networking protocol that is now embedded in virtually every connected device on earth. The patents generated hundreds of millions of dollars in licensing revenue and the technology itself transformed how the world communicates.

Professor Graeme Clark at the University of Melbourne developed the first multi-channel cochlear implant in 1978, a breakthrough that led to the creation of **Cochlear**, now the world's leading hearing implant company. **CSL** was a government research facility that was privatised in 1994 and grew into one of the world's largest biotechnology companies, a global leader in blood plasma products and vaccines.

The question is whether any of these businesses could be started and scaled today. The answer, for most of them, is almost certainly not. A family wanting to start a food manufacturing business in a regional town today would face food safety compliance requirements, local planning approvals, environmental assessments, workplace health and safety regulations, industrial awards and penalty rate structures, workers compensation premiums and a tax system that penalises growth at every stage. None of these things are inherently unreasonable in isolation, but their cumulative weight is suffocating.

A **Boral** or a **CSR** trying to open a new quarry or manufacturing plant today would confront years of environmental approvals, native title negotiations, community consultations and legal challenges before a single tonne of material was produced.

A **Lindsay Fox** starting with one truck would need to navigate chain of responsibility laws, fatigue management regulations, heavy vehicle licensing, digital tachograph requirements and a web of state-by-state transport regulations that did not exist in 1956.

The **CSIRO’s** Wi-Fi breakthrough happened within a publicly funded research institution that had the freedom and the budget to pursue fundamental science. Today, the political pressure on public research bodies to demonstrate immediate commercial returns and social impact makes that kind of patient, curiosity-driven work far harder to sustain.

This is the broader tragedy that the Patties story illustrates. It is not just that the Rijs family would struggle to repeat their achievement today. It is that across every sector of the economy, the conditions that allowed Australian enterprise to flourish have been steadily eroded by regulation, taxation, union militancy and a political culture that treats business as something to be managed rather than something to be encouraged.

The mines that fund the nation’s prosperity, the manufacturers that employ its workers, the innovators that build its future, all of them grew in an environment that no longer exists. Unless that environment is restored, Australia will continue to live off the legacy of past enterprise while failing to create the conditions for the next generation of growth.

The question is whether Labor has the willingness, capability and authority to act in a disruptive way because of the unions’ influence and control of the Labor government. One can only hope for a world where Labor and business sit down together to increase productivity for the benefit of all, with government playing a supporting role.

Appendix 3 – What Should Happen Now: A Reform Agenda

A. Tax Reform to Restore Building Economics

1. Building materials and services manufactured in Australia and used in residential housing construction should be exempt from GST for a period of five years. Eligibility criteria should be clearly defined to cover new housing construction and land development for residential purposes.

2. The Commonwealth should offer to compensate the states equally for the cost of exempting payroll tax on workers engaged in the construction of new houses or the development of land substantially for new housing. Eligibility criteria should be established to prevent misuse, including clear definitions of qualifying projects and workers, with provisions to cover subcontractors. There may need to be some constitutional gymnastics here.

   Some states should remove the taxes on the profits of subdivision. For instance, Victoria has the Windfall Gains Tax where the tax rate is 50% on value uplifts between $100,000 and $500,000, and 62.5% on amounts exceeding $500,000. This is an extraordinary disincentive to develop. Why would you?

B. Regulatory Streamlining

3. Taking Victoria as an example, an independent cost-benefit analysis should be commissioned for each regulatory agency that imposes requirements on builders or developers, examining which rules and regulations should be revised to make the building and development process more efficient and less costly.

   Given the number of agencies involved, the review should be coordinated by a senior official in the Premier's department, with a working group established comprising representatives of builders and developers, the Productivity Commission and other specialist agencies, to ensure the best available advice is brought to bear.

4. A negotiated arrangement should be sought with the Greens under which old-growth forests are protected from harvesting for a period of five years, in exchange for the Greens agreeing not to obstruct plantation forestry operations where an independent body certifies that the number of trees planted exceeds the number harvested by a specified ratio. This would help secure timber supply for the housing construction sector while addressing legitimate environmental concerns.

5. A cost-benefit analysis should be conducted on the National Construction Code, following the same approach as point 3 above, with particular attention to the cumulative cost impact of energy efficiency requirements, accessibility standards and bushfire protection provisions on residential construction.

6. Strict time limits should be placed on reporting and implementation. Reviews should be completed within 12 months, with priority reforms implemented progressively over the following 12 to 24 months.

7. The Commonwealth and each state should negotiate a housing reform agreement through the National Cabinet, modelled on the National Competition Policy payments of the 1990s, where Commonwealth funding is tied to the states meeting specific reform milestones.

C. Industrial Relations Reform

8. Federal and State governments should take action to stop the CFMEU having any influence on building and development. Governments, state and federal, should not require any entity tendering for work for the supply of houses or the development of land for houses should be free to contract with whom they like and not be forced to deal with any particular tenderer because of union association.

D. Financial System Reform

9. APRA should be requested to review its capital adequacy risk weightings for residential mortgages and construction/development lending. The current framework drives banks to favour mortgage lending over construction and development finance, simultaneously inflating housing demand while constraining supply. The review should consider whether risk weights on construction lending can be reduced to encourage banks to take on more construction risk in the national interest, while ensuring bank reserves remain adequate for the modestly higher risk profile.

E. Workforce

10. Building trades workers and subcontractors essential to the construction process should be given priority on skilled migration lists, with expedited visa processing and streamlined skills recognition for qualified applicants.

F. Governance and Implementation

11. The federal government and each state government should establish dedicated ministers for productivity and regulation, with a specific mandate to reduce the cumulative regulatory burden on business and to develop coordinated policies across jurisdictions.

12. The Fair Work Act should be amended to require the Fair Work Commission to take into account the economic viability and productivity of the building and development sector when making determinations affecting that sector, and to require that any increase in wages or conditions be linked to demonstrated productivity gains. Regulatory impediments to flexible employment arrangements in the construction sector should be identified and removed.

13. A single consolidated information portal should be established for the housing development sector, bringing together all relevant laws, regulations, standards, planning schemes and economic data. Whether a new agency is created or an existing one adapted for this purpose is a secondary question; the cost should be shared equally between government and industry participants.

14. State and local governments should undertake urgent planning and zoning reform to increase housing density along transport corridors, reduce minimum

lot sizes where appropriate, streamline development approval processes and impose statutory time limits on planning decisions. The Productivity Commission, the RBA and housing economists consistently identify planning restrictions as among the most significant barriers to housing supply.

Further, exception management should be created where when projects meet the fundamental objective of the agency but there are minor non compliances, approval should be given in accordance with guidelines developed. Too many projects are being stopped or slowed for ridiculous non-compliant issues that simply do not meet the pub or the reasonable man test. So the rigidity of planning should be loosened in the national interest, avoiding petty and remote issues of risk.

15. Government policy should actively encourage the adoption of modular and prefabricated construction methods. Australia lags comparable countries in offsite construction, despite its potential to deliver homes faster, at lower cost and with greater quality control. Barriers to adoption, including planning rules that assume traditional construction, building code provisions that do not accommodate modular systems, and financing structures that penalise non-traditional builds, should be identified and removed. Government procurement for social and affordable housing should preference modular construction where feasible, to build domestic manufacturing capability and demonstrate the model at scale.

16. State governments should accelerate the release of surplus government land for residential development, with conditions around density and, where appropriate, affordable housing targets. Commonwealth defence and infrastructure land holdings should also be audited for housing suitability.

17. Tax and regulatory settings should be reformed to encourage institutional investment in build-to-rent housing, including addressing the unfavourable GST and land tax treatment that currently discourages this model relative to build-to-sell development. Australia lags comparable countries in institutional rental housing and this represents a significant untapped source of housing supply.

18. Developer contributions and infrastructure charges imposed by local and state governments should be reviewed and reformed. These charges have risen substantially and are a direct addition to the cost of new housing. Alternative funding mechanisms, including value capture and deferred payment models, should be explored to reduce the upfront cost burden on developers while still ensuring necessary infrastructure is delivered.

19. Government investment in social and public housing should be expanded as a complement to market-driven supply. For those Australians who will not be served by the private market even with improved supply conditions, direct government provision remains essential. This should not be seen as inconsistent with the market reforms proposed above; rather, government should focus its limited resources on those the market cannot serve, while removing the barriers that prevent the market from serving everyone else.

20. This focus on the problems in one sector is unusual, but it is necessary not only to restart the housing sector but because there is a considerable flow-on effect to

the rest of the economy. The proposals above should be treated as a trial to test whether the taxes forgone, principally GST and payroll tax, are more than offset by the additional personal income tax from workers and corporate tax from businesses that increased construction activity would generate. If the experiment succeeds, the model can be extended to other sectors facing similar structural constraints.

21. The former Federal Construction Authority should be restored but with wider powers, given the issues and corruption that are emerging, mainly with the CFMEU. Similar legislation could also be put in place in the states that pick up residual issues not covered by the federal legislation.

22. Where possible, the different approaches by each state to the housing sector regulation and reform should be the same, making it easier to move from one state to another with common policies, legislation and regulation.

23. The government should immediately take steps to prepare a white paper on the issues facing the building and construction sector and its plans for the future. This should be coordinated with the productivity commission work but that work should be expanded to include tax.