

'It's time to fuel our engines of growth'

ECONOMY

MICHAEL RODDAN
JOYCE MOULLAKIS

Josh Frydenberg has declared the economy needs a "pro-growth strategy" as construction work and home building continue to fall across the country and leading indicators of employment growth hit record lows.

The Treasurer, who yesterday met the nation's top financial regulators in Sydney, said the economy still faced headwinds, international trade tensions between the US and China were weighing on growth and drought and floods in recent months had had a "significant impact" on economic activity.

Mr Frydenberg met Reserve Bank governor Philip Lowe and the deputy chairs of the banking

'It's not the time for higher taxes; it's the time for a pro-growth strategy'

JOSH FRYDENBERG
TREASURER

regulator after the central bank this week signalled two imminent cuts to official interest rates that would put the cash rate at a new low and after the Australian Prudential Regulation Authority launched a shake-up of rules that had kept lower-income borrowers out of the housing market.

"The Australian economy faces headwinds both internationally and domestically," Mr Frydenberg told a conference in Sydney.

"The housing market has slowed. We've seen the budget forecast for dwelling investment, which had been growing at about 5.5 per cent per annum on average over the last five years, forecast to be down 7 per cent in 2019-20, then another 4 per cent the year after."

His comments came as the Australian Bureau of Statistics said construction work done over the March quarter fell 1.9 per cent — a slide that was led by falling rates of home building and engineering work.

"There was confirmation that the home building sector is in a sharp downturn, after work peaked in mid-2018," Westpac

economist Andrew Hanlan said. "This follows a strong and extended upswing over recent years which saw supply largely catch up with demand."

Westpac's leading index, which indicates the likely pace of economic growth into the near term, also fell further over the past month, driven by further declines in approvals for dwelling construction. The result was "a clear signal that economic growth through the three quarters of 2019 is likely to be below trend", Westpac chief economist Bill Evans said.

Meanwhile, official data revealed the weakest rate of growth in skilled jobs vacancies in five years as the Department of Jobs and Small Business figures fell to their lowest point in two years.

Mr Frydenberg said the "impact of a slowdown in the housing market is also being felt, so it's not the time for higher taxes; it's the time for a pro-growth strategy".

Dr Lowe this week urged Canberra to drive reforms to tax policy, infrastructure spending and the education sectors to help support longer term economic growth.

Mr Frydenberg cited his planned tax cuts for lower and middle income earners, which is due to provide relief for households over coming months, the Coalition's \$100 billion infrastructure spending plans and its support for apprenticeships as key reforms to be launched by the government.

"Tax is really important, so we have not just immediate relief but we also have a long-term structural change," he said.

He noted the Coalition government's plan to remove some income tax brackets and address bracket creep.

Citi economist Josh Williams said the disappointing construction figures meant annual GDP growth would likely slow even further to 1.7 per cent, down from an already sub-par 2.3 per cent.

"The leading indicators of employment growth such as job advertisements and vacancies are weakening," CommSec chief economist Craig James said.

"With ... unemployment rates 'stuck' at around 6 per cent in Tasmania, Queensland, Western Australia and South Australia, the Reserve Bank appears likely to pull the interest rate lever at its June 4 meeting," Mr James said.

BUSINESS P17



JOHN FEDER

OH Property Group principal buyers agent Henny Stier, at a house she sold in Sydney's Roseville, is confident of a housing market resurgence

Agents' phones now 'ringing like crazy'

PROPERTY

MICHAEL RODDAN

Home buyers and sellers are coming "out of the woodwork" after Scott Morrison's election victory, which is tipped to spark a dramatic rise in auction listings and arrest the slide in house prices.

Principal buyers agent at OH Property Group in Sydney Henny Stier said the market had been reinvigorated by the Coalition's election win.

"What is interesting is that I was speaking to some agents who

are saying their phones have been ringing like crazy since Monday," Ms Stier said.

"Most inner-city housing markets seem to be holding up. We're hearing people saying: 'Now we're going to start to list our properties.' We can start to see the level of supply increase again. That brings the buyers out of the woodwork."

Analysts are expecting the nation's housing markets to be reignited after Reserve Bank governor Philip Lowe indicated this week that two rate cuts would be needed to stop unemployment rising and get inflation back up to its target band, hinting the cash

rate would be dropped to a new record low on June 4.

Property enthusiasts are also buoyed after the unexpected Coalition re-election, which ended the threat of Labor's negative gearing and capital gains tax reforms, and after the banking regulator eased onerous restrictions on borrowers securing loans in a bid to reduce the squeeze on home buyers. This will allow borrowers to add about \$60,000 more to a home loan of \$1 million without any change in income.

Daniel Yu, a senior analyst at global ratings agency Moody's, said yesterday the Australian

Prudential Regulation Authority's move would "help support credit growth and could stem falling house prices".

"Improving access to credit will support credit growth for the banks, which has declined significantly from its peak in 2014, and in turn stem the fall in house prices. Falling house prices are dampening household consumption and contributing to a weaker growth outlook for Australia," Mr Yu said.

Listed residential developer Stockland emerged yesterday as one of the biggest winners from the re-election of the Morrison government and a relaxation of

prudential lending rules. The group's stock price has jumped in the last two trading days.

Ms Stier said the property market had been hit by a slowdown in listings because sellers were wary of dumping their house into a soft property market.

"Some markets have held better than others, such as suburbs close to the city or within 20km of the CBD. Prices there have held up fairly well," Ms Stier said.

"The problem has been a lack of supply. Since Easter I've noticed a huge surge in inspection numbers at what we call the entry price point of about \$1m."

Defeated Banks fires last angry shot at Libs

DEFECTOR

ROSIE LEWIS

Failed independent candidate and Liberal defector Julia Banks has taken a parting shot at her former party, lashing out at alleged "tribalism and toxic culture" as her political career comes to an end.

A staunch Turnbull loyalist, Ms Banks also praised the "authentic and inspiring leadership" of Malcolm Turnbull and his deputy, Julie Bishop, saying serving under them was her "greatest honour".

While congratulating the Liberal Party in a statement yesterday, which effectively conceded defeat in the seat of Flinders, she hit out at the "right-wing conservative faction". Ms Banks, elected to Chisholm in 2016, quit the Liberals and sat on the crossbench after Mr Turnbull lost the prime ministership, blaming bullying, intimidation and leadership turmoil.

"My hope is that the right-wing conservative faction don't continue to drown out addressing climate change emergency nor the Australian ethos of equality for all and humanitarian spirit," she said.

"Sadly, the tribalism and toxic culture (in the Liberal Party) continued. The reprisals and retribution, whispering campaigns, personal attacks and name-calling, social media rants, messages and emails from the puerile to the offensive, and defamatory allegations and lies were unrelenting."

"To those in the Liberal Party including some current and former members of parliament who engaged in this behaviour, I say this: You don't own me — you never did. And I don't owe a debt to you'. It's a free country for people to run for office and advocate for what they believe in. To the haters generally whose disturbing behaviour adds to the toxic political culture, I say this: Stop."

At noon yesterday, Ms Banks had 14.43 per cent of the primary vote (11,920 votes) compared with 46.63 per cent (38,518 votes) for Liberal Greg Hunt.

One Senate seat marks gloomy Labor outlook in battleground state

UPPER HOUSE

ROSIE LEWIS

Labor is on track to secure a sole Senate seat in Queensland, delivering a major blow to the party and its worst upper-house result in the key battleground state since 1949.

A failure to win two upper-house seats in the Sunshine State would reflect Labor's poor showing in the House of Representatives, where the party is predicted to win just six of 30 Queensland electorates — a net loss of two.

Labor MPs said the same issues in lower-house seats in the state — equivocation over the Adani coal mine and an ambitious policy agenda that included contentious changes to negative gearing and dividend imputation credits — were at play in the Senate.

The Coalition meanwhile is on track to pick up three Senate seats in every state and in a best-case scenario could control 35 votes in the upper house, meaning it would need the support of just four crossbenchers to pass legislation. This would significantly bolster Scott Morrison's power in the Senate.

Labor has won two seats in every half-Senate election in Queensland since Australia adopted proportional representation in 1949.

Coalition on course to buffer its electoral clout

LOWER HOUSE

The Liberal Party has high hopes of sneaking over the line in the western Sydney seat of Macquarie, which would take its tally in the House of Representatives to 78, after it had a 196-vote lead last night following postal and absentee vote counting.

One senior Liberal source said that, barring "1000 votes being found in the wrong pile" in a recount, the party looked like snaring the seat by anything up to 400 votes, given the trend being shown in postal and absentee votes.

So far, postal votes have gone Liberal candidate Susan Richards's way, splitting roughly 57 per cent to 43 per cent,

As of late yesterday, the Liberal National Party was expected to pick up three seats, while Labor, the Greens and One Nation were on track to win one each.

Nita Green is No 1 on Labor's Queensland Senate ticket while incumbent senator Chris Ketter,

HOUSE OF REPS

Likely outcome

Coalition	78
Labor	67
Greens	1
KAP	1
Centre Alliance	1
Independents	3
TOTAL	151

SEATS IN DOUBT

MACQUARIE, NSW	Liberal 196 ahead with 87.55% counted
BASS, Tasmania	Liberal 504 ahead with 89.1% counted

according to Liberal scrutineers.

Absentee votes have gone the Liberals' way, 52 to 48 per cent, and with about 2000 more absentee votes to be counted, they would have to be trending the other way for Labor's Susan

Templeman to keep the seat.

The Liberal Party led the seat last night with 50.11 per cent of the vote to 49.89 and a recount appeared certain.

Since neighbouring Lindsay was created in 1984, Labor has held Macquarie only when it also held Lindsay, which it lost this election.

Although the Blue Mountains part of the electorate tends to go Labor's way, the Hawkesbury area is more conservative.

If Labor lost Macquarie, two of the three western Sydney seats won thanks to the "Medicare" campaign run by the Labor Party against Malcolm Turnbull in 2016 would return to the government.

A third seat, Macarthur, remains in Labor hands.

Scott Morrison was seen as a better bet in western Sydney for the "Howard battlers" than Malcolm Turnbull, and this proved the case on Saturday.

As counting continued yesterday in other seats in doubt, it appeared that Labor's Anika Wells had won Wayne Swan's former seat of Lilley, leading by 0.6 per cent or 1002 votes.

The Liberals looked likely to narrowly win Bass in northern Tasmania, with candidate Bridget Archer ahead by 0.38 per cent or 504 votes.

Cowan in Perth has become a tighter contest but Labor incumbent Anne Aly is ahead by 0.5 per cent of the vote, or 757 votes.

Concerns that One Nation could finish ahead of the Nationals and cause Labor's Joel Fitzgibbon some problems in the seat of Hunter appeared to have dissipated last night, with Mr Fitzgibbon ahead by 2.65 per cent.

The national two-party-preferred vote for the Coalition last night was at 51.2 per cent to Labor's 48.8 per cent.

ANDREW CLENNELL

THE SENATE

Likely outcome

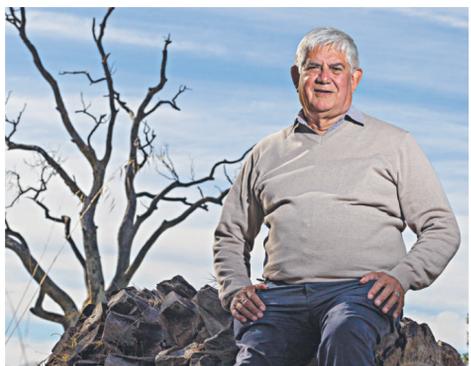
Coalition	35
Labor	26
Greens	9
Centre Alliance	2
One Nation	2
Aust Conservatives	1
Lambie	1
TOTAL	76

Centre Alliance senators Stirling Griff and Rex Patrick, former Tasmanian senator Jacqui Lambie and the Australian Conservatives' Cory Bernardi. The Turnbull government introduced controversial Senate voting reforms before the 2016 double-dissolution election that abolished group voting tickets, making it harder for independent candidates to get elected on the back of preferences.

All seats are due to be declared on or before June 28, with Senate seats to be finalised after those in the House of Representatives.

Labor traditionally wins at least two Senate seats in each state but in 2013 it picked up only one in South Australia and in Western Australia because of competition from the Nick Xenophon Team and Palmer United Party.

Portfolio pitch sees Wyatt eager to reach another first nations milestone



MARIE NIRMIE

Hasluck MP Ken Wyatt is gunning for indigenous affairs

INDIGENOUS

VICTORIA LAURIE

Australia's first indigenous minister Ken Wyatt is likely to make history a second time if his request to become indigenous affairs minister is granted by Scott Morrison.

Mr Wyatt confirmed to *The Australian* he had told the Prime Minister before the federal election that, if the Coalition won, he would like to take on the portfolio vacated by retiring indigenous affairs minister Nigel Scullion.

It would mean that Mr Wyatt, a Nyongar man born in a former mission for Stolen Generations children, would become the nation's first Aboriginal minister to hold the portfolio of his people

and the first to take a seat in the Coalition's inner cabinet.

It is not the first time Mr Wyatt has expressed interest in the portfolio. In an interview in 2016 after he became the first indigenous federal frontbencher and assistant minister for health, he told *The Australian*: "If down the track that opportunity were offered to me, I'd take it."

Last week, Mr Wyatt was given strong endorsement for his ministerial skills by his friend John Howard, who campaigned with him in Mr Wyatt's outer-Perth electorate of Hasluck. Mr Howard urged shoppers to vote Mr Wyatt back for a fourth time since he took Hasluck from Labor in 2010.

"Look out for him, he's a good man," the elder statesman said. Mr Wyatt, who is currently

'The recognition of traditional Aboriginal names is a great way to move'

KEN WYATT
AGED CARE MINISTER

AGED Care and Indigenous Health Minister, has declined to elaborate further on his portfolio preference, saying it was up to the Prime Minister. It is understood he has support from several senior ministers for the indigenous affairs portfolio, but faces a possible rival in Alan Tudge, the Minister for Cities and Urban Infrastructure.

He said indigenous suicide in Western Australia's Kimberley

communities was a major concern, but he had also been told by a community-controlled health organisation in Hasluck that it had dealt with seven suicides.

Since winning Hasluck with an almost 35 per cent swing, Mr Wyatt's first public comments have been to endorse the "twinning" of European names of cities and locations with traditional Aboriginal names.

He was responding to a proposal by Fremantle Mayor Brad Pettitt to add the Nyongar name "Walyalup" to the port city's name as part of its reconciliation plan.

"I would welcome any local government across this nation doing what Fremantle is proposing," Mr Wyatt said.

"The dual naming and the recognition of traditional Aboriginal

Backers of coal in call for action

NATIONALS

JOE KELLY

Nationals MPs will thrash-out their demands for a new Coalition agreement at a partyroom meeting in Canberra today, with some urging the government to strengthen its efforts to underwrite a new coal-fired power plant in Queensland.

There will be no push to throw open the leadership, with Michael McCormack set to remain as Nationals leader after the party performed strongly at the election and received large swings in Queensland marginals.

The surprise victory for the Coalition, which was on track last night to win up to 78 seats, has defused any early push by Barnaby Joyce to regain the leadership.

The former leader will not attend today's meeting.

Some Nationals MPs privately argue that Mr McCormack will need to show he can muscle-up to the Liberal Party, with Saturday's victory seen as a major endorsement of Scott Morrison and his presidential-style campaign.

Victorian Nationals senator Bridget McKenzie is also expected to stay on as deputy, despite concerns about her engagement with the backbench.

An early test for Mr McCormack will be whether the Nationals negotiate five or four seats at the cabinet table and if the minor Coalition partner can secure other senior portfolios amid speculation MPs will push to regain the trade ministry from the Liberals.

On current figures, there will be 21 Nationals in the new parliament. This means the Nationals will comprise about 19 per cent of the joint partyroom if 35 Coalition senators are elected and the government wins a majority of 78 in the House of Representatives.

Nationals strategists suggested this would see the party holding only four seats in cabinet, arguing there was no reason for the Prime Minister to agree to a fifth.

Mr Morrison has not run as a conservative on energy policy, rejecting arguments to pull Australia out of the Paris climate accord. He also unveiled a shortlist of a dozen energy projects that the government would consider underwriting. These were focused on gas and hydro projects in Victoria, NSW and South Australia, and only one "very small" coal upgrade in NSW.

But some Nationals MPs told *The Australian* the large swings against Labor in central Queensland represented an endorsement of the Coalition's commitment to a feasibility study into a new high-efficiency low-emission (HELE) coal-fired power plant proposed for Collinsville.

Michelle Landry, who received an 11 per cent swing in the seat of Capricornia, argued for the government to "move" on advancing the development of cheaper power options.

"I think the swing in Queensland was certainly about supporting the coal sector," she said. "People want something done about power prices. Cost of living is still one of the biggest issues. I think we've got to move on it."

Her LNP colleague Keith Pitt, who received a swing of 6 per cent in Hinkler, said the election was a "victory for common sense".

"The Australian people very clearly endorsed our policies, which were sensible and balanced positions on climate change and on electricity generation and not forcing people to buy electric cars," he said.

"It was about jobs. There's a lesson there for the Labor Party, who no longer represent working people."

names that prevailed before settlement is a great way for our whole state to move."

He said New Zealand was a good model to follow in the way it incorporated Maori language into everyday life.

But he said he also observed in Australia "a growing pride in having the duality and the recognition of one of the oldest living cultures and the retention of their language names to locations".

A former parliamentary chair of the committee on constitutional recognition, Mr Wyatt has supported some form of recognition of Aboriginal and Torres Strait peoples within the Constitution and last week praised the late former Labor prime minister Bob Hawke for his outstanding support of indigenous people.