

25 March 2025

The Honourable David Janetzki MP
Treasurer, Minister for Energy and Minister for Home Ownership
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Dear Treasurer

2025/26 State Budget: Re-Building Productivity

After a decade of Queensland's building and construction industry grappling with waves of new and complex regulations, rising construction costs, workforce shortages, and declining productivity, our sector urgently requires a sustainable plan to restore productivity and ensure that we can do our part helping the Queensland government achieve housing and infrastructure delivery commitments.

To this end, our submission to the 2025/26 Queensland budget asks the Queensland government to focus on four key areas:

1. Targeted investment and budgetary support to deliver Queensland's housing targets
2. Provision for a whole of government focus on re-building industry productivity
3. Financial support to unshackle industry from complex and stifling regulation
4. Funding to support sustained growth of Queensland's construction workforce.

Background

The Queensland State Budget will be handed down at a time when we continue to fall drastically short of the targets needed to address Queensland's housing crisis. Building one million homes over 20 years (50,000 each year) is a scale of delivery that has never before been contemplated, let alone achieved. It will require a fundamental shift in housing delivery. Even the interim target of a 25 per cent uplift within 5 years requires a historic step change.

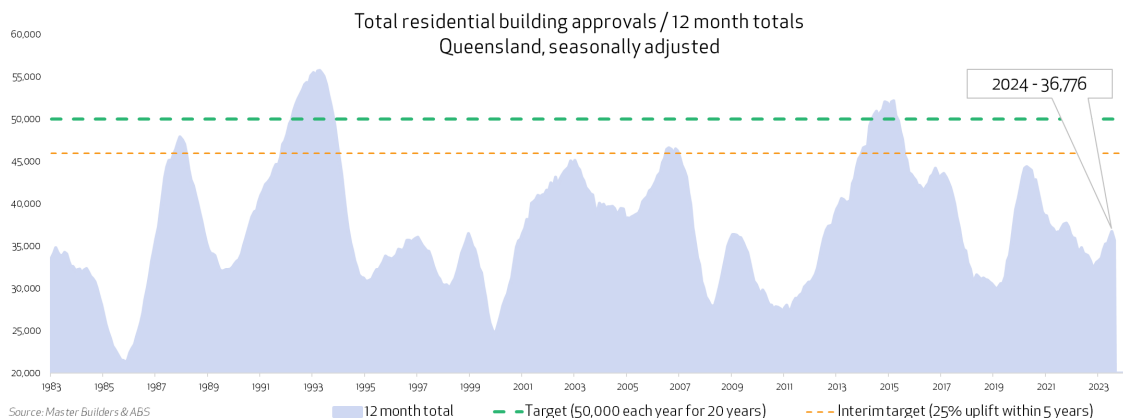
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At the same time, we cannot forget the substantial pipeline of essential community infrastructure that must also be delivered - hospitals, schools, and the facilities for the Brisbane 2032 Olympic and Paralympic Games.

This challenge is compounded by structural labour shortages and a heavy regulatory burden, which has driven up both the cost and time required to complete building projects. The latest data from the Australian Bureau of Statistics reports that general construction costs in Queensland have risen by 37 per cent over the past five years, while the cost of building a house has surged by 50 per cent in the same period.¹ During this time, the average time from approval to completion for new houses in Queensland has increased by three months, now averaging 10 months.

Meeting these challenges will require that we find ways of doing more with less. We need to lift industry productivity. And yet currently, the reverse is occurring. The recent report by the Australian Productivity Commission found that dwelling construction productivity (labour productivity) declined by 12 per cent over the past 30 years, compared to the broader economy which increased by 49 per cent for same period.²

Master Builders has prepared this submission to outline the funding commitments the government can make to begin addressing these issues and drive meaningful change.

¹ Australian Bureau of Statistics, 6427.0 Producer Price Indexes, December 2024

² Australian Productivity Commission, February 2025

1. Targeted investment and budgetary support to deliver Queensland's housing targets

Meeting Queensland's housing targets will require policy, legislative reform and support through the budget. The government has recognised the need for investment through its direct investment in social housing and in the vital investment in infrastructure through the \$2 billion Residential Activation Fund. There are more opportunities to leverage investment through the taxation system.

Continue the first home owner grant boost

The existing \$15,000 boost to first home owner grant for those building a new home has been a successful policy lever. By targeting new construction it works to increase the supply of new housing and move us closer to the necessary housing targets. It serves to make new home construction more affordable for first home buyers by bridging the affordability gap. It helps to ensure that additional homes get built.

The boost is facing a looming deadline and is due to expire on the 30 June 2025.

Also limiting its effect is the \$750,000 (house and land value) cap. The median sale price of new houses across Queensland is now \$764,900 and in Brisbane this increases to \$1,360,000³.

On 1 May 2025, the government's new stamp duty concession for first home owners buying a new home will reduce stamp duty on these purchases to zero dollars. For the home buyer purchasing a home at the median value (\$764,900) this will be a saving of \$13,330. Come 30 June 2025 this saving will be more than cancelled by the loss of the \$15,000 boost on the first home owner grant.

The grant should be unshackled. It should be extended past 30 June 2025 and the unrealistic cap of \$750,000 should be removed.

Stamp duty and new builds

Another budget lever that the Queensland government has to help manage the cost of new housing is state-based taxation. In particular, stamp duty which discourages the turnover of housing, distorts choices between renting and buying, as well as acting as a disincentive for the ageing population to downsize. The result is reduced investment in the housing market. Reducing this burden will help unlock housing supply in incentivising new builds.

The Crisafulli government has already recognised the importance of addressing stamp duty in the delivery of new housing by ending stamp duty for first home buyers of new homes.

³ Department of Natural Resources and Mines, Manufacturing, and Regional and Rural Development, Office of the Valuer-General, Property Sales

There is more targeted change that can be made to stamp duty payments and this should start with ending the stamp duty 'double-dip' for new residential developments. That is stamp duty should only be paid once on the land and the cost of construction should be exempt.

For a typical house and land package, a builder buys the land, paying stamp duty on the purchase price. When the builder's customer purchases the completed house and land package, they again pay stamp duty, this time on the combined cost of the house and land. The result is that stamp duty is paid twice on the land as well as the cost of construction.

If the same house and land package were to be delivered through separate land and construction contracts the transfer duty would only be paid once, on the land. There is no transfer duty payable on the cost of construction.

This double-dip in stamp duty for 'house and land' packages is an additional \$27,000 for an investor and \$20,000 for a homeowner on a \$750,000 project. This often makes them unviable.

On new residential development, stamp duty should only be paid once on the cost of the land and the value added in the construction should be exempt.

Payroll tax threshold

The majority of building and construction businesses are small businesses. Payroll tax acts as a disincentive to increasing the size of their workforce and growing to meet the demand for new construction.

Government should consider payroll tax relief for small businesses in the construction industry, as a targeted solution to assist construction businesses grow to meet the structural labour shortages our industry is facing.

In particular, the budget should consider raising the threshold for payroll tax for small businesses in the building and construction industry.

The budget should:

- Continue the \$15,000 first home owner grant boost for new builds past 30 June 2025 and remove the unrealistic \$750,000 house and land value cap.
- End the stamp 'double-dip' on new residential development, charging stamp duty once on the cost of the land and exempt the value added in construction.
- Raise the threshold for payroll tax for small businesses in the building and construction industry.

2. Provision for a whole of government focus for re-building industry productivity

Every new regulation and every policy decision of government impacts industry productivity. As a result, the new Queensland government needs to commit to a whole of government, coordinated, focus on re-building productivity in our building and construction industry.

Re-building productivity will require coordinated action to address:

- Industry innovation and uptake of digital technologies.
- Systemically removing and reforming complex red-tape that has stifled growth and innovation in our industry, and added compliance costs often for no tangible benefit.
- Industrial relations reforms which aim to put the job of managing building sites back in the hands of builders.

The Government will meet this challenge head on by establishing a Queensland Productivity Commission which will have the construction as a its first order of business. We look forward to contributing to the Commission's research. In the meantime, there are some important first steps that can be taken in the upcoming State Budget.

Building a pipeline of demand for Modern Methods of Construction (MMC)

MMC is one pathway to address our productivity challenges in encompassing a systems-thinking approach and digitalisation, along with greater use of prefabricated buildings and building components manufactured offsite.

Prefabricated building components, such as wall systems, and floor and roof cassettes, can greatly improve the industry's productivity by reducing construction timeframes, improving labour productivity and reducing waste. While increasing locally-manufactured building components made from sustainable materials can support progress towards more resilient supply chains and the net-zero targets.

The Queensland government has already taken the first steps in the [QBuild Modern Methods of Construction](#) program and in establishing the Rapid Accommodation and Apprentice Centres in Brisbane and Cairns.

Government has also committed to [Infrastructure Productivity and Workforce Roadmap](#) where it identified that "investing in research and development and commercialisation opportunities will be important for supporting the local production of new, innovative and sustainable construction materials and practices for a future resilient Queensland."⁴ The [Action Plan](#) that

⁴ [Infrastructure Productivity and Workforce Roadmap](#), July 2024, p14

followed called out that what industry needs to “grow and develop further is a strong pipeline of work that creates investor confidence”.⁵ Master Builders own members confirm this outlook.

The State Budget can look to support the growth of MMC by facilitating the implementation of the Action Plan, by specifically:

- driving at least 50 per cent of projects in the Queensland Government’s infrastructure pipeline to incorporate elements of modular construction or other forms of MMC, by 2030;
- developing a strategic approach to increase the adoption of MMC across government by establishing set of actions that brings together agency work programs and government priorities to help develop local manufacturing in innovative construction methods.

Small business improvement grant

An environment of low margins and high risk means that the construction industry has low investment in research and development and is slow to adopt new technology, leading to lagging productivity.

Improving business processes will enable building industry businesses to improve productivity and help ensure higher business profits and paying accounts on time, leading to improvements throughout the supply chain.

Improved literacy in computer accounting software is linked to improved small business profitability⁶. Other more advanced software solutions can also increase productivity.⁷

Given the extensive regulatory administrative burden placed on building contractors, most of which are small and medium sized businesses, the Queensland government could show its support for the building industry, and simultaneously improve productivity and cash flow in this vital sector, by providing a grant program for the adoption of business improvement software.

As part of its Small Business First policy the LNP has announced that it supports support small and family construction businesses and sole traders to access business management software with \$5,000 grants.⁸ We ask that the budget allows for this commitment to proceed as an urgent priority.

⁵ [Infrastructure Productivity and Workforce: Action Plan](#), July 2024, p 4

⁶ M. Belle Isle, B. Freudenberg and T. Sarker (2022), Top of the Grade: Factors that could influence small business literacy, *Journal of Australian Taxation* (24)(1): 5 – 34

⁷ Payapps, Resilience in Construction Research Report for 2023

⁸ [Deb Frecklington MP - Member for Nanango - New grants program to help tradies boost their business](#)

Funding front-line WHS inspectors for safer building sites

On a building site, safety is everyone's responsibility. Over several years, Queensland's workplace health and safety (WHS) laws have progressively moved further away from the national model WHS laws. Compounding this, the former government's Best Practice Industry Conditions, which are reflected in the pattern CFMEU enterprise agreement, and have assisted the union to use safety to advance their industrial relations agenda.

To rebalance the safety legislative framework, amendments should be made to Queensland's WHS laws to bring them back in line with the national model laws.

Further, government should take back sole responsibility for enforcement of safety and provide additional resources to WHS Queensland (WHSQ) for front-line safety inspectors and investigators. Specifically, additional funding is needed for additional WHS inspectors, training of inspectors, and additional funding to allow WHSQ to expand its educational role.

The budget should:

- Support industry transition to Modern Methods of Construction by providing leadership and a clear pipeline of work through the government's own infrastructure program and leadership.
- Fund a grant program to support small and medium businesses in the building industry to adopt business improvement software.
- Provide funding for additional front-line WHS inspectors, training of WHS inspectors and to expand WHSQ's industry education role.

3. Financial support to unshackle industry from complex and stifling regulation

Building and construction is one of the most highly regulated sectors of the Queensland economy. It is layered with requirements at a national, state and local government level, including but not limited to workplace health and safety, building codes and standards, environmental regulations, licensing and accreditation, industrial relations and fair work obligations.

Safety and quality should always be the topmost priorities of our industry, however, unwarranted, contradictory, ambiguous and complex regulation is a significant barrier to productivity, adding to capacity constraints in the building and construction sector. The National Construction Code (NCC) and the Queensland regulatory regime that enforces the NCC and WHS laws are significant contributors to the productivity problem.

With over 98 per cent of Queensland's construction businesses employing less than 20 people⁹, the compliance cost of meeting new and changing regulatory standards falls hardest on the small businesses we are relying upon to build our homes and infrastructure.

Master Builders stresses that the issue is not with regulation, rather with *unnecessary* regulation. Regulation that is unfit for purpose, impractical and unclear.

It is when the NCC and other regulatory instruments reach beyond sensible regulation and are used as a tool to achieve wider agendas, with often competing priorities, that the challenge occurs.

The result is overly complex or ambiguous technical requirements that are becoming increasingly difficult to navigate, delivering overlapping and conflicting obligations, requiring greater dependence on expert advice and more complexity overall. This adds unnecessary cost and delays the design and approval process.

In the Queensland budget, government can begin to ease the compliance costs of existing and new regulation through the following actions.

Free access to Australian Standards

Over 100 Australian Standards are referenced in the National Construction Code (NCC) and it is not possible to comply with the NCC without access to relevant Australian Standards.

Yet, it is not possible to read Australian Standards without paying a subscription. The lowest cost option for referenced Standards is currently through a 'NCC Primary References Set' available at a cost of \$1145.11 p.a. available only to small businesses¹⁰.

The Australian Building Codes Board (ABCB) is responsible for the development of the NCC and is formed by Intergovernmental Agreement. Under the current agreement the States, Territories and Commonwealth collectively invest \$8 million p.a. in Australia's construction code. Queensland's contribution is \$725,000.¹¹

Increased funding would better place the ABCB to undertake its important role and create an opportunity to provide free access to Australian Standards referenced in the NCC.

Standards Australia reported in its latest Annual Review (2024) that it had operational costs of \$82 million per annum. Back in 2022 it reported that the Building and Construction sector made up 17 per cent of the work of Standards Australia.¹² Therefore, the proportion of the operational costs for Standards Australia that can be subscribed to building and construction can be rounded

⁹ 8165.0 Counts of Australian Businesses, including Entries and Exits

¹⁰ [NCC Primary References Set | Standards Australia Store](#)

¹¹ [2020 ABCB IGA | ABCB](#)

¹² [Standards Australia | Annual Review 2022](#)

to \$14 million p.a.. An additional cost is the extensive, dedicated resources and expertise provided by industry to the development of Standards, at industry's own cost.

For Australia's 108,793 building construction businesses, the cost of accessing Standards would exceed \$125 million per annum (based on the 'NCC Primary References Set' at \$1,145.11 a year, excluding consideration of additional costs for those who do not meet the small business qualifier). This is more than the current total operational costs of Standards Australia.

A far more efficient option would be to provide the \$14 million Standards Australia needs for the building and construction industry, shared amongst all governments. For Queensland this would increase Queensland's \$725,480 contribution the ABCB to \$1,995,070 p.a..

Research into the emerging regulatory challenges of electric vehicles (EV's) in buildings

The potential impact that modern vehicles and EV fire events could have on the structural integrity of the building is not well researched. The current fire performance information is based on testing done for fires with a very different profile from the fires caused by modern vehicles (jet flames, highly combustible gas, surges of fire, reignition etc.).

Industry and stakeholders feel that there is insufficient information or legislative direction to inform safety in design requirements and to ensure buildings are constructed so that they are structurally adequate for the potential future level of risk.

While builders are able to meet the existing requirements in the National Construction Code, there is less certainty as to whether buildings will continue to be 'fit for purpose' as the number of EV's in buildings grows. There is also a lack of certainty as to whether a building will remain 'fit for purpose' following a significant modern vehicle or EV fire event.

There needs to be a nationally consistent, standardised view as to what constitutes good practice in design and construction to address this risk. Research and fire testing is needed to update the fire risk data.

The ARUP report commissioned by the Australian Building Codes Board (ABCB) on the issue identified that further review in several areas relating to structural fire resistance, suppression, detection, egress and smoke management is recommended. Specifically, further research is needed into the:

- credible fire behaviours of a modern vehicles and EVs to support builders, engineers and developers in their design considerations for carparks.
- efficacy of existing and proposed fire safety features to inform the most suitable methods to mitigate potential negative impacts on buildings in a fire event¹³.

¹³ [ABCB-ARUP Fire safety in carparks](#)

Fire and Rescue NSW has subsequently released their position paper¹⁴ where they propose a comprehensive program of real fire tests to address the knowledge gaps. There is a proposal through the collaborative Safety of Alternative and Renewable Energy Technologies Research Program which is seeking joint funding.

The budget should:

- Allocate additional funding to the ABCB for Queensland's share of the required payment to Standards Australia for those Standards referenced in the NCC to be freely available.
- Contribute to a national research effort to investigate the challenges of electric vehicle fires in buildings, in particular the detection and suppression requirements, air handling and ventilation, access and the impact on building performance.

4. Funding to support sustained growth of Queensland's construction workforce.

Construction Skills Queensland (CSQ) Industry Outlook for 2024/25 describes the labour supply challenges of Queensland's construction industry as having:

- A tight labour market with an unemployment rate of 1.9% in the construction industry (May 2024), indicating very limited spare capacity.
- Falling apprentice commencement rates (dropping 21% in 2023) indicating a reduced training pipeline.
- Low female involvement remaining a challenge.¹⁵

The Queensland budget can lay a foundation for supporting sustained growth of the construction workforce by providing targeted apprenticeship funding.

New apprenticeships

With the enormous pipeline of work ahead, we must ensure a strong pipeline of apprentices are entering and remaining in our sector.

¹⁴ Fire and Rescue NSW, Electric vehicles (EV) and EV charging equipment in the built environment: Fire Safety Position Paper, March 2025

¹⁵ Construction Skills Queensland Industry Outlook 2024-25, pp8-9

Acknowledging the assistance already in place, to incentivise businesses to take on more apprentices in our State, the Queensland Government as part of a wider apprentice commencement and retention strategy should:

- Increase apprentice wage subsidies to incentivise commencements and offset high supervisory costs in the first year. A 50 per cent rebate on first year apprentice wages would assist businesses to make the decision to take on an apprentice.
- Financial incentives for apprentices on completion of their first year (when apprentices are most likely to drop out), and on completion of the full apprenticeship.

The budget should:

- Subsidise construction industry apprentice wages through a 50 per cent rebate on first year wages and incentivise completion of the apprenticeship.

Summary

If the construction industry is to be able to deliver the housing and infrastructure a growing Queensland needs and to continue serve as the cornerstone of our economy, there needs to be additional support from government.

Government can work with industry to achieve productivity improvements and increase supply by working to reduce the taxation burden, supporting the transition to modern method of construction and the uptake of business software, building capacity in government enforcement of WHS laws, free access to applicable laws (referenced Australian Standards), research into key regulatory challenges such as electric vehicles in buildings and supporting the training of skilled workers.

A strong industry is essential to our economy and our Queensland way of life. We look forward to continuing to work with the Queensland Government in supporting the building industry in our State. Should you require any additional detail or wish to discuss anything further I can be contacted on Tel: 0488 088 528.

Regards,



Paul Bidwell
CEO