MASTER BUILDERS
AUSTRALIA

Building Momentum:

Master Builders Australia's Proposals for Federal Budget 2020/21

About Master Builders Australia

This submission is made on behalf of Master Builders Australia Ltd.

Master Builders Australia (Master Builders) is the nation's peak building and construction industry association which was federated on a national basis in 1890. Master Builders' members are the Master Builders state and territory associations. Over 129 years the movement has grown to over 33,000 businesses nationwide, including the top 100 construction companies. Master Builders is the only industry association that represents all three sectors of the industry: residential, commercial and engineering construction.

The building and construction industry is an extremely important part of, and contributor to, the Australian economy and community. It is the second largest industry in Australia, accounting for 10.9 per cent of gross domestic product, and over 9 per cent of total employment. The cumulative building and construction task over the next decade will require work done to the value of $2.6 trillion and for the number of people employed in the industry to rise to 1.3 million.

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Master Builders Australia calls for a 2020/21 Federal Budget that focuses on growth

The Mid-Year Economic and Fiscal Outlook of December 2019 indicated that short-term prospects for economic growth and employment are weaker than was expected.

While Master Builders welcomes the expectation that the Federal Government will still record a Budget surplus this financial year - and continue to do so over MYEFO's forecast horizon - we are of the strong view that the immediate priority for the 20/21 Federal Budget must be for the Government to redouble its commitment to economic growth. As such we call for the following in the 2020/21 Federal Budget:

- A budgetary stance which achieves surplus but also promotes stronger economic growth.
- Accelerating the pace at which the construction phase begins on infrastructure projects and unblocking the obstacles to new transport, housing, social, defence and community infrastructure projects.
- Stimulating new home building activity by focusing the First Home Buyer Deposit Scheme on new builds from 1 January 2021.
- Expanding NHFIC's mandate to include more mechanisms for unlocking new housing supply.
- A new round of City Deals and Regional Deals aligned with key infrastructure investments and the National Population and Planning Framework to meet skills gaps and accelerate delivery of infrastructure and housing supply across Australia.
- Immediately cutting the Small & Medium business tax rate to 25% and expanding its coverage to all businesses regardless of size.
- Extending the $30,000 Instant Asset Write Off until 30 June 2022.
- Improving depreciation allowances for large assets to bring forward business investment activity in the economy.
- Resourcing in order to lead national data collection on building information.
- CSIRO and the Australian Border Force being provided with more resources to deal with high-risk building products.
- Supporting jobs and skills VET initiatives directed in a way that maximises jobs, employment and investment outcomes, through partnerships with industry.
- Resourcing to allow for creation of new Office of the Small Business Government Procurement Advocate to support small business in participating in government procurement.
- Adequate Resourcing of Agencies to Ensure an Orderly, Safe and Compliant Industry.

Over 1 Million Jobs and Nearly 385,000 Businesses: the Building and Construction Industry Today

Australia's building and construction industry is unlike any other in terms of its scale and structure. The latest official figures show that

- Our industry engages over 383,000 business entities, almost all of which (98.9%) employ fewer than 20 people and well over half (59%) operating without any employees.
- Over one half of building and construction businesses (56.8%) have annual turnover of below $200,000 with the vast majority (93.1%) having sales of less than $2 million per year.
- Construction currently employs 1.17 million people (almost 1 in 10 workers) representing the third largest employing industry behind retail and health services, and the largest industry for full time employment.
- Over the year to June 2019, total construction expenditure reached $211.3 billion which was directly equivalent to 10.9% of GDP.
- Building and construction trains more than half of trades-based apprentices every year, well over 50,000 apprentices annually.

The importance of the significant contribution building and construction makes to the economy and community cannot be understated and budget settings must not only allow this contribution to continue but encourage it to grow and safeguard it against future risks.

While it remains stable overall, conditions have become increasingly difficult over the past 24 months and there are risks appearing with potential to exacerbate these difficulties. For example:

- New home building is in decline and not expected to start expanding again until 2021/22.
- Engineering construction activity is still well below the peaks reached during the mining boom while commercial building is coming under pressure on a number of fronts.
- Once activity starts to recover over the medium term, the risk is that shortages of skilled and trades labour will emerge, as has happened on numerous occasions in the past.
- Foreshadowed changes to labour market regulation and additional business red-tape pose a real challenge for small and medium-sized construction businesses.

The latest industry forecasts from Master Builders indicate that the overall volume of construction activity is set to decline by 2.1% during 2019/20 and then remain flat during 2020/21. It is then projected to fluctuate slightly over the remainder of the forecast horizon to 2023/24. While the eventual roll out of large infrastructure projects will be supportive of activity, the short-term outlook for residential building will be challenging and commercial building work is in the early stages of a cyclical downturn.

Economic Backdrop to Federal Budget 2020/21

- **Economic growth is currently at a decade low**
- **Poor confidence is negatively impacting domestic demand**
- **The government needs to boost demand through expenditure**

It's hard to describe the current state of Australia's economy in a single word. In several respects, the performance is weak: economic growth is at its lowest in a decade with latest figures indicating that GDP grew by just 1.7% over the year to the September 2019 quarter. Take a look at the employment figures, though, and we get a more positive picture. The Australian economy is estimated to have generated about 250,000 new jobs over the year to October 2019, equivalent to a solid 2.0% growth rate. Even so, very latest data do suggest that the labour market is softer than it used to be with a heavier reliance on part-time rather than full-time jobs.

Perhaps the most accurate way to characterise the Australian economy is as being strong in some places and weak in others. If we zoom in on the pieces that make up the economy, for example, we see that domestic demand is largely subdued. The single largest segment of demand, household consumption, is still growing but this is being driven more by increases in the number of households through population expansion than by greater willingness of consumers to part with their cash.

The linkage between economic growth and building activity is very close. By expanding the economy's capital stock, building and construction work actually stretch the economy's long-term growth potential and productive capacity. But for building and construction projects to be commercially viable, the economic future needs to look bright. That is why Strong Building means a Strong Economy.

From this perspective, one of the challenges is that a number of key segments of the economy have actually shrunk in the past 12 months, including business investment, residential building and – crucially – engineering construction. At present, day-to-day government spending is the fastest growing element of domestic demand – with economic growth also heavily reliant on export demand from overseas.

The very subdued state of domestic demand in the economy means that ramping up infrastructure investment over the immediate term will be especially beneficial.

It is exports that have been the main engine of the economy over recent times. This has been helped by the weakness of the Australian dollar which has depreciated to its lowest ebb in ten years against the US currency, a development which has sharpened the economy's international competitiveness and enhanced the price advantage of its exports in addition to bolstering its lure for international investors. This has also had the effect of depressing demand for imports, something which has also added to the economy's growth rate.

The weakness of the Australian dollar is partly the result of the move to a regime of record low interest rates over recent years. Having been unchanged since mid-2016, the Reserve Bank of Australia (RBA) embarked on a new round of interest rate cuts which resulted in its benchmark official cash rate being cut from 1.50% in May 2019 to 0.75% in October 2019 with the possibility of more reductions to come in the first half of 2020. The environment of very low inflation in the Australian economy (currently 1.7%) and the lull in wage pressures has given the RBA room to manoeuvre in terms of reducing rates. If inflation in the economy were higher than it is now, embarking on interest rate cuts would be a much riskier move.

Current Prospects for Building and Construction Activity

Master Builders released its latest set of forecasts for building and construction to 2023/24 in early August 2019 and these are summarised in the chart overleaf for the construction industry three key constituents: residential building, commercial building and engineering construction. Overall, the performance of construction in Australia over the period to 2023/24 is expected to be rather flat – but there will be considerable variation within the different sectors and geographic markets. The fundamentals of the market – population, employment and interest rates – are sound, but several microeconomic obstacles are holding things back. The volume of construction actually peaked back in 2012/13 and fell by 14.3% until its 2016/17 low point.

Some, but by no means all, of this lost ground has since been recovered. Over the medium term, our forecasts see total construction activity gliding lower and the size of the market in 2023/24 is anticipated to be 2.6% smaller than in 2018/19. Government-led projects mean that transport infrastructure will be one of the strongest performers but prospects for new home building are more mixed and some areas of commercial building will be doing it fairly tough.

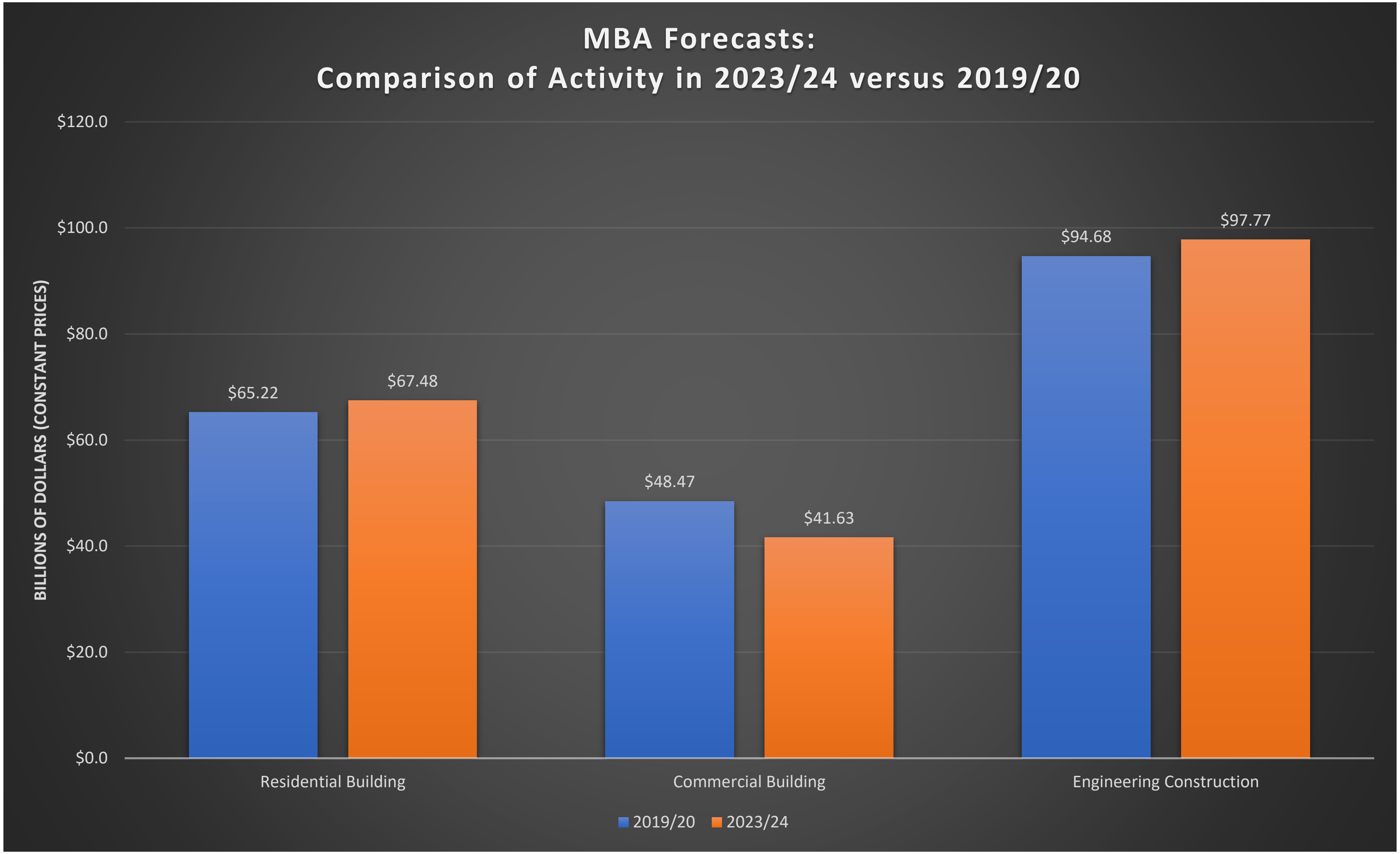
New home building reached its highest level on record during 2015/16. The cyclical nature of home building means that some reversal from activity was inevitable. However, the market has also been hit by the combination of tougher credit conditions, barriers to foreign buyers and falling house prices. We forecast that new dwelling starts will bottom out at 167,750 during 2020/21 – about 28% down on its peak. By the end of the forecast horizon in 2023/24, we anticipate that new home building will have recovered to 187,660 – a gain of 12% on its low point, and still a strong performance by historic standards. Home renovations activity is expected to grow slowly but steadily over the forecast horizon.

Commercial building has been something of a star performer over the last couple of years and has recently touched record highs. We anticipate that activity here will break another new ceiling during 2019/20 before reverting to levels more consistent with previous norms. By 2023/24, we project that commercial building activity will have fallen by 9% compared with 2018/19. Office and accommodation building are expected to see the most pain over the next few years while retail, health and transport buildings will buck the trend and return decent gains.

Engineering and civil construction never fully recovered from the slump post-mining investment boom. The good news is that a heavy pipeline of government-led infrastructure work is chugging into operation and is set to benefit road and rail construction in particular. Our forecasts envisage that engineering and civil construction will peak during 2020/21, representing a 12.5% expansion on 2018/19. Thereafter, the amount of activity is likely to ease lower. While things are looking up for transport work, prospects are likely to be tougher for telecommunications as the NBN comes to a conclusion.

Strong Building means a Strong Economy and the rather mediocre outlook facing our industry should be a concern for all sectors of the economy. Construction activity is particularly rewarding for our economy because of the high domestic content of its most important inputs like building materials and labour. This ensures that the knock-on benefits of stronger construction to other parts of the economy are much greater.

In a modern, services-based economy where so much of the output is intangible, construction’s highly visible character makes it unique in being able to boost confidence amongst consumers and other businesses and send the message that the economy is moving forward and gearing up for the better days that lie ahead. One of the biggest challenges facing building and construction is that productivity has recently been moving backwards. Achieving better outcomes here will rely on increasing the incentives for firms in our industry to invest as well as by loosening the shackles of regulation from small firms in the sector.


MBA Forecasts:
Comparison of Activity in 2023/24 versus 2019/20
BILLIONS OF DOLLARS (CONSTANT PRICES)
$120.0
$100.0
$80.0
$60.0
$40.0
$20.0
$0.0
$65.22
$67.48
$48.47
$41.63
$94.68
$97.77
Residential Building
Commercial Building
Engineering Construction
2019/20
2023/24

Master Builders backs a budgetary stance which achieves budget surplus but promotes stronger economic growth

Economic growth is currently struggling with the volume of GDP having inched up by just 1.7% over the year to September 2019 – the lowest rate of economic growth since the GFC-era a whole decade ago.

While some of our economic weakness reflects global conditions, the particularly poor state of domestic demand is the biggest cause for concern.

Over the past year, there has been shrinkage in several crucial components of the economy including residential building, business investment and – ominously – engineering construction. Household consumption has risen but only because we have more consumers in Australia - not because families feel confident enough to spend more money.

Strong Building means a Strong Economy – and this is why government needs to step in and give the economy the kick forward that businesses and consumers are not confident enough to provide at the moment.

Only by first accelerating growth through targeted increases in spending and carefully considered reductions in the burden of taxation can we hope to rekindle confidence amongst consumers and business. The government has to move first.

While the 2019/20 Mid-Year Economic & Fiscal Outlook indicates that the magnitude of budget surpluses will not be as large as previously expected, the Federal Government still retains considerable financial capacity for supporting demand in the economy while still achieving surplus.

Of course, the community needs to be assured that the financial position of government is sustainable in order to feel confident. That is why Master Builders Australia is fully supportive of the Federal Government's commitment to maintain a stable budgetary situation over the forward estimates period and beyond.

Returning a budget surplus sends the signal that our nation's finances are on track as well as under control - and alleviates any worries about the burden of national debt growing higher. We need to see the budget immediately boosting demand in the economy – and more Commonwealth investment in productivity lifting activities.

Master Builders calls for the 2020/21 Federal Budget to:

- Continue on with the programme of tax cuts announced in last year's Federal Budget
- Accelerate the roll out of infrastructure projects and ensure that construction activity is in fact underway.
- Support productivity gains in the economy through further deregulation.

Master Builders wants construction work to begin much sooner on infrastructure projects - and for the unblocking of the obstacles in their way

The $100 billion infrastructure package announced in the April 2019 Federal Budget was hugely welcome for the building and construction industry.

Over the long term, investment in the economy's physical stock of capital is one of the most fundamental ways to expand the capacity of the economy and tee it up for stronger and faster growth over the years and decades ahead. Roads, bridges and rail are all important parts of the new infrastructure stock, but so too are projects in defence, telecommunications, water, energy as well as social and community infrastructure like hospitals, clinics and schools. Infrastructure is a broad canvass – and there are always numerous projects that make for very worthy investment.

While the announcement of a new infrastructure project represents a welcome beginning of the process, it can take some time for activity and employment on the ground to see the benefits. The latest official data indicate that the volume of engineering construction work done on the ground has actually fallen over the most recent 12-month period and is close to a decade low.

The past year has provided a stark lesson in how long the lag can be in this respect. While the number of new infrastructure commitments has been very sizeable, latest official figures indicate that the volume of work done on the ground has actually dropped significantly over the past year.

The major divergence between the amount of new infrastructure projects announced on the one hand and the actual volume of work being done on the ground has drawn attention to the uncomfortably long lag that exists in rolling out projects.

Strong Building means a Strong Economy and so for the sake of promoting demand in the economy over the immediate term, the 2020/21 Federal Budget must prioritise and accelerate the pace at which projects are rolled out.

Master Builders acknowledges that the speed at which projects are delivered is a function of state, territory and local government, as well as federal government. Accordingly, the federal budget must look at providing appropriate incentives to lower levels of government to unblock the obstacles currently in the way of infrastructure projects. Another part of the solution could be to follow the recent example set by the appointment of Shane Stone as Coordinator-General to spearhead the government response to the drought crisis. This might involve the appointment of an individual to champion the cause of infrastructure delivery and drive more effective collaboration between the three levels of government when it comes to infrastructure.

We also call for the way in which newly announced infrastructure projects are tracked and monitored to be improved so that barriers, obstacles and impediments can be identified and removed in a much timelier fashion.

Master Builders calls for the 2020/21 Federal Budget to:

- Speed up the start of actual construction work on previously committed infrastructure projects across Australia.
- Expand the portfolio of medium-sized and construction maintenance projects for funding and delivery over the near term that should support SMEs within the industry.
- Enhance the way in which work on new infrastructure projects is tracked and reported so that delays and obstacles can be identified more readily.

Master Builders calls for the First Home Loan Deposit Scheme to be leveraged to support new home building

The announcement last year that a new First Home Loan Deposit Scheme will commence on 1 January 2020 was one which was warmly welcomed by Master Builders.

The new Scheme allows first home buyers to get a foot on the housing ladder more quickly and more efficiently by eliminating the need for punitive Lenders Mortgage Insurance premiums to be paid and reducing the portion of their savings being lost in this way.

Up until 2017, the portion of the owner occupier market accounted for by First Home Buyers dipped to its lowest share in many years. In a number of the east coast markets, the FHB share dropped well below 10% at the lowest point.

The tide has since started to turn: the increase in the First Home Buyer market share over the past two years has been welcome. It is the result of more favourable affordability in the market, as well as improved interventions by state governments including enhanced First Home Owner Grants (FHOGs) and stamp duty concessions for those purchasing a home for the first time.

The chart below illustrates the positive impact that government intervention can provide with respect to First Home Buyers. Current incentives for First Home Buyers in each of the states and territories are summarised in the Appendix.

Crucially, the record level of new home building activity over the past five years has helped provide huge numbers of individuals and families with a home for the first time.

Over the first six months of 2020, the new First Home Loan Deposit Scheme will enable up to 10,000 first home buyers get over the line in terms of securing finance. The current design of the Scheme means that both new and existing homes can be purchased.

Australia's population is set to hit 30 million by the year 2030 – meaning that about 200,000 new homes will need to be built each and every year for at least the next decade. This is not happening at the moment. As it currently stands, we predict that the volume of new home building will fall considerably short of what will be needed to adequately house an expanding population over the next few years at least. History has demonstrated far too many times that this will cause home prices and rents to outgrow people's incomes and housing affordability to further deteriorate.

Master Builders believes that the First Home Loan Deposit Scheme could be adapted so as to provide greater stimulus to new home building as well as playing its vital role in bringing the dream of home ownership closer for all Australians.

From 1 January 2021, we suggest that the design of the Scheme be changed so that it provides a greater incentive for those wishing to buy or build new homes. Making this change will support greater volumes of new home building and help close the widening housing supply deficit.

In addition, the design of the FHLDS does not currently allow for those purchasing a new home 'off-the plans' to be supported. Improving the design of the Scheme to allow this would support a greater volume of new home building as well as helping a larger number of homebuyers to own their first home.

Under the present design of the FHLDS, those purchasing homes over specific price thresholds are ineligible to participate in the Scheme. Although these price thresholds vary by geographic market, in several cases they are quite low. For example, in Sydney, Hobart and Canberra the median dwelling price is over 10% higher than the local FHLDS price cap (see table below). In these areas, the chosen price caps risk putting very significant portions of the housing market beyond the reach of those relying on the assistance of the Scheme. The 2020/21 Federal Budget should provide increased resources to allow for higher price thresholds in some markets – and ensure that the price caps are adjusted on a regular basis going forward to reflect future changes in market prices.

Master Builders calls for the 2020/21 Federal Budget to:

- Maximise the impact of the First Home Loan Deposit Scheme on new home building output by restricting the Scheme to new homes only from 1 January 2021
- Explore ways in which the FHLDS can be expanded to help those buying their first home 'off-the-plan'
- Review the home price restrictions under the Scheme and ensure that these are adjusted regularly to take account of changes in the market.

Comparison of First Home Loan Deposit Scheme Price Caps and Median Dwelling Prices			
	Current FHLDS Dwelling Price Cap	**Median Dwelling Price - October 2019 (CoreLogic data)**	**Median Dwelling Price as % of FHLDS Cap**
New South Wales—capital city and regional centre	$700,000	$817,886	116.8%
New South Wales—other (including Jervis Bay and Norfolk Island)	$450,000	$448,624	99.7%
Victoria—capital city and regional centre	$600,000	$650,197	108.4%
Victoria—other	$375,000	$362,268	96.6%
Queensland—capital city and regional centre	$475,000	$493,426	103.9%
Queensland—other	$400,000	$369,469	92.4%
South Australia—capital city	$400,000	$433,140	108.3%
South Australia—other	$250,000	$236,183	94.5%
Western Australia—capital city	$400,000	$435,119	108.8%
Western Australia—other (including Christmas Island and Cocos (Keeling) Islands)	$300,000	$298,506	99.5%
Tasmania—capital city	$400,000	$460,033	115.0%
Tasmania—other	$300,000	$302,121	100.7%
Northern Territory	$375,000	$394,132	105.1%
Australian Capital Territory	$500,000	$601,487	120.3%
Source: Master Builders Analysis of CoreLogic data			

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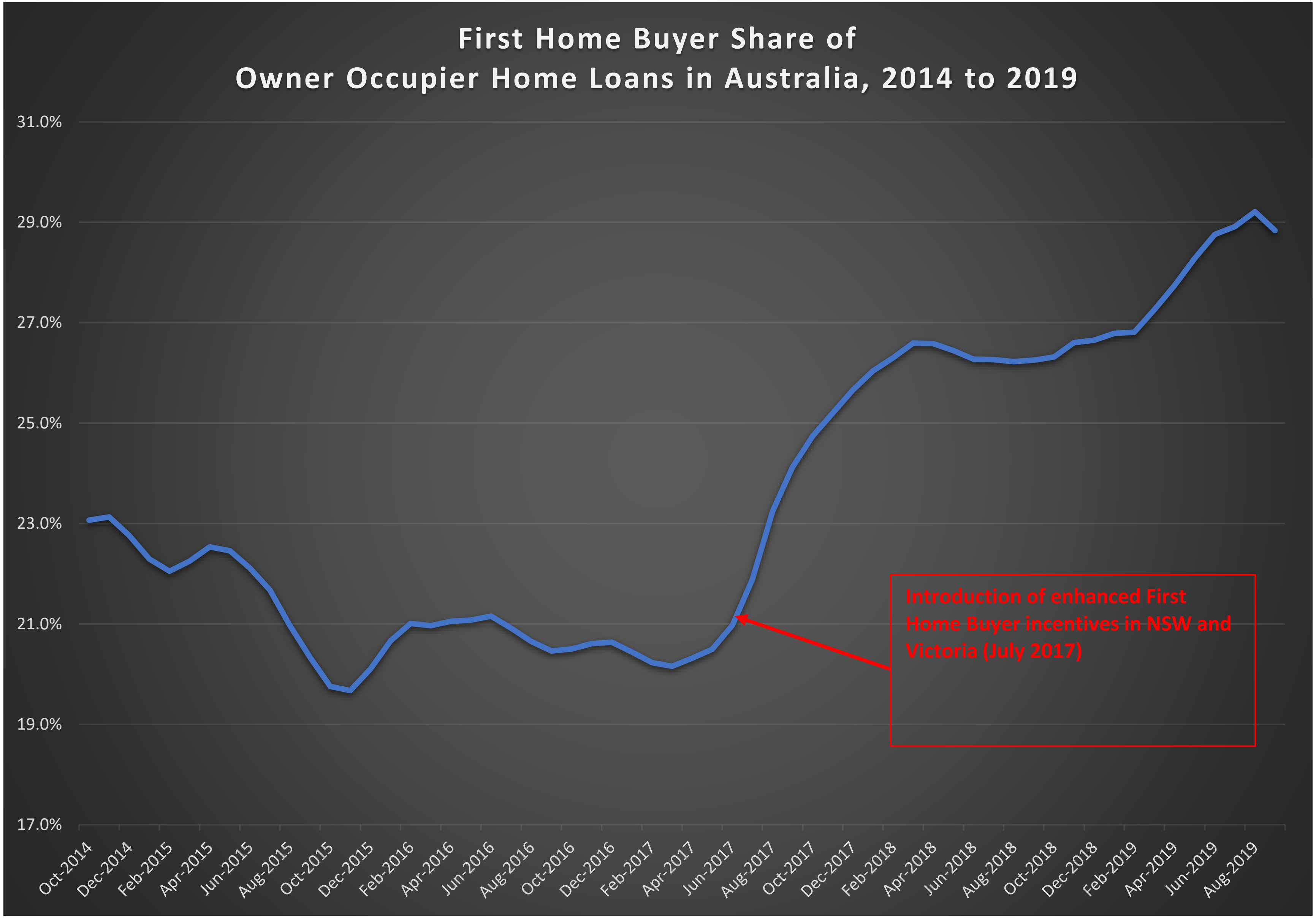
First Home Buyer Share of
Owner Occupier Home Loans in Australia, 2014 to 2019
31.0%
29.0%
27.0%
25.0%
23.0%
21.0%
19.0%
17.0%
Oct-2014
Dec-2014
Feb-2015
Apr-2015
Jun-2015
Aug-2015
Oct-2015
Dec-2015
Feb-2016
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Apr-2019
Jun-2019
Aug-2019
Introduction of enhanced First Home Buyer incentives in NSW and Victoria (July 2017)

Master Builders Urges an Expansion in NHFIC's Mandate to include more mechanisms for unlocking new housing supply

The announcement of the establishment of the National Housing Finance & Investment Corporation (NHFIC) in the Federal Budget of May 2017 was a big step forward in tackling the ever-present challenge of ensuring that enough new homes are built each and every year to meet the needs of Australia's growing population. Over the coming few years, latest indications are that we will still not build enough new homes to fully meet the demand for new housing resulting from population growth as well as the need to replace obsolete housing stock. This challenge is illustrated in the chart below.

NHFIC administers the Affordable Housing Bond Aggregator which has reduced financing costs for community housing providers engaged in the delivery of new units of housing stock. Earlier this year, the value of lending under this portfolio topped the $500 million threshold for the very first time.

Under its current design, the Affordable Housing Bond Aggregator can only be accessed by registered community housing providers. Given the formidable challenge we face in delivering our long term housing needs and the fact that the shortfall of affordable rental properties is currently estimated at 525,000, we believe that the 2020/21 Federal Budget should provide resourcing for an expanded form of the Affordable Housing Bond Aggregator which is accessible to government and government/industry consortiums so that the additional housing supply Australia requires can be provided in a targeted manner.

The $1 billion National Housing Infrastructure Facility also falls under NHFIC's brief. Under this, finance is provided for housing-enabling infrastructure including gas and electricity links, pipes for water, sewerage and stormwater as well as roads, telecommunications and other transportation.

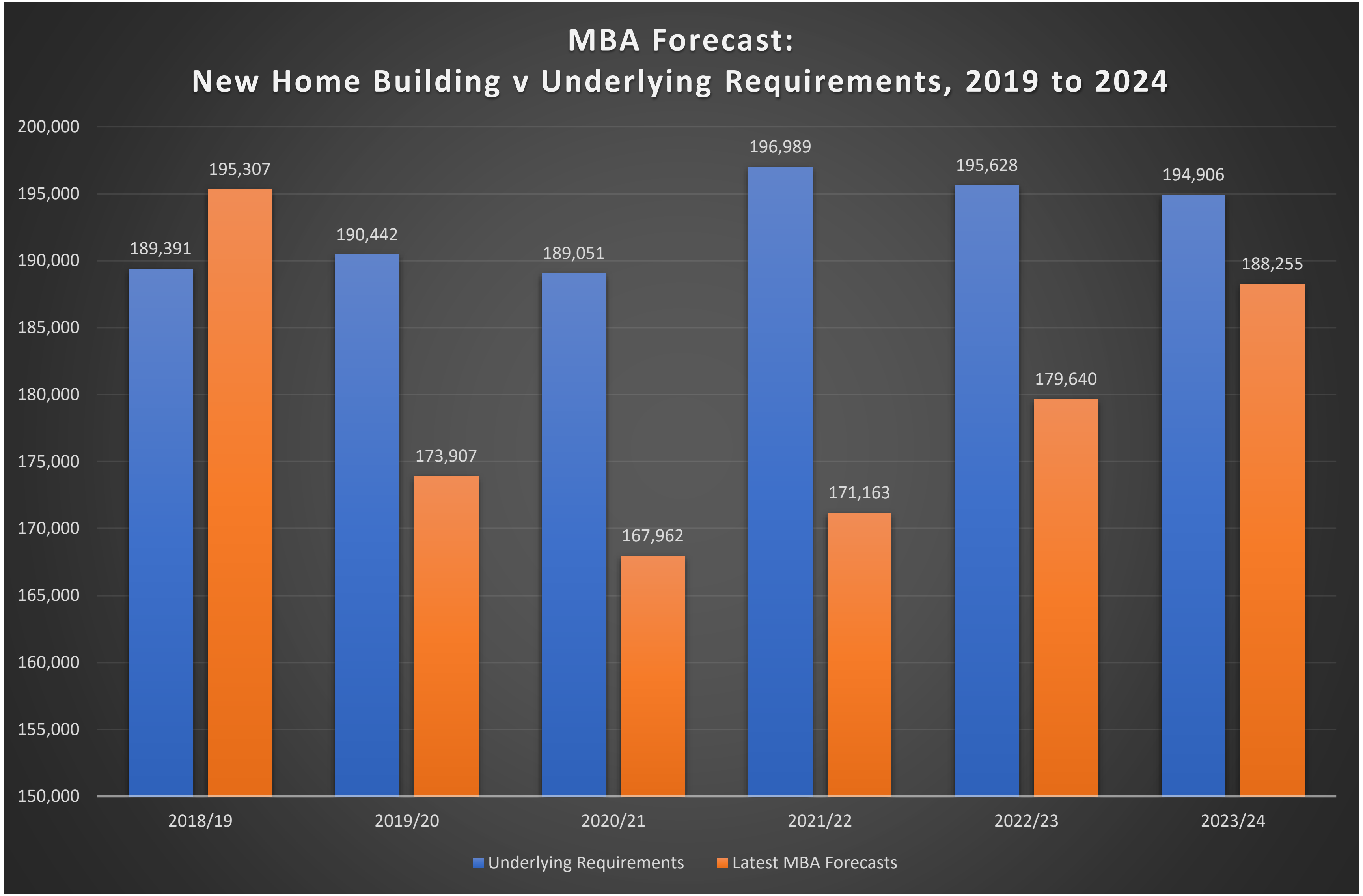
The success of NHFIC in overseeing these crucial programmes for supporting greater volumes of new home building means that an expansion of its mandate – and funding - should be looked at in terms of addressing the issues that prevent us from building enough of the new homes that we need.

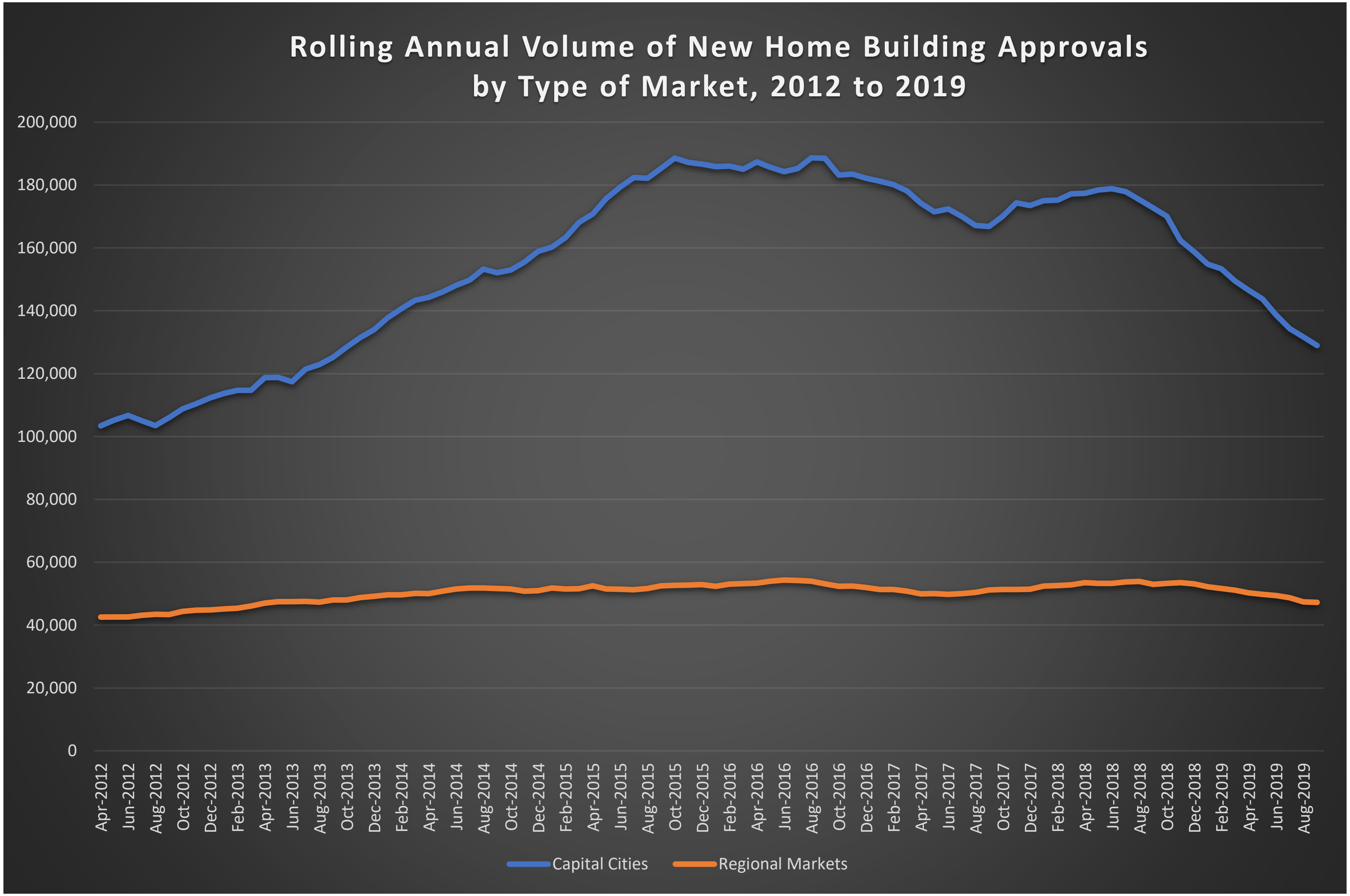
For example, in many parts of regional Australia, local housing markets tend to experience low turnover from year to year. This makes it more difficult to estimate precise valuations for real estate in the relevant markets. In response, mortgage lenders tend to be more cautious in terms of the amount of finance they provide. For new home builders in many regional markets, the end result is that potential customers are forced to scale down the value of the contract – if not abandon the project completely because finance was refused. Even though new home building activity hit record highs over recent years, many housing markets in regional Australia have struggled to gain momentum. This has restricted their ability to attract new residents and workers, ultimately hampering their economic potential.

The experience of new home building in regional Australia over the last decade provides an example of an area where an expansion of NHFIC's mandate could unlock additional volumes of new housing supply and provide crucial support to the economies of regional Australia by making it easier for people to live and work in the local economy.

Master Builders calls for the 2020/21 Federal Budget to:

- Provide resourcing for an expansion of NHFIC's mandate to include more mechanisms for unlocking new housing supply, including in regional markets affected by depressed levels of building activity like areas of the Hunter Valley outside Newcastle (NSW), Bendigo, Shepparton in Victoria, Far North Queensland, Barossa in South Australia and parts of Southeast Tasmania
- Increase funding for NHFIC's Affordable Housing Bond Aggregator so that government and government/industry consortiums can work to plug the affordable housing deficit
- Improve the scope for private investment, including superannuation funds, to be leveraged for delivering new affordable housing stock and supporting infrastructure
- Allow a relaxation of NHFIC's lending criteria for Community Housing Providers (CHPs) such as Loan to Value and interest coverage ratios in order to increase the funding available to support new community housing stock


MBA Forecast:
New Home Building v Underlying Requirements, 2019 to 2024
200,000
195,000
190,000
185,000
180,000
175,000
170,000
165,000
160,000
155,000
150,000
189,391
195,307
190,442
173,907
189,051
167,962
196,989
171,163
195,628
179,640
194,906
188,255
2018/19
2019/20
2020/21
2021/22
2022/23
2023/24
Underlying Requirements
Latest MBA Forecasts


Rolling Annual Volume of New Home Building Approvals
by Type of Market, 2012 to 2019
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Apr-2012
Jun-2012
Aug-2012
Oct-2012
Dec-2012
Feb-2013
Apr-2013
Jun-2013
Aug-2013
Oct-2013
Dec-2013
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Feb-2018
Apr-2018
Jun-2018
Aug-2018
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Capital Cities
Regional Markets

Master Builders supports a new round of City Deals and Regional Deals around Australia

City Deals are the key mechanism for delivering the Federal Government's Smart Cities Plan which was unveiled in 2016. City Deals are partnerships between all three levels of government to deliver a shared vision for productive and liveable cities. City Deals seek to align planning, investment and governance to ensure that the three levels of government work in consistent manner. So far, seven cities and towns are benefitting from their own city deals including Townsville, Launceston, Western Sydney, Darwin, Hobart, Geelong and Adelaide. More recently Perth and South East Queensland have been added to the list of urban centres partaking in the City Deals program.

Similarly, the Regional Deals program, modelled on the City Deals design, is being rolled out. Three regions have so far been announced: Albury-Wodonga on the New South Wales-Victoria border, Hinkler in Queensland and Barkly in the Northern Territory.

One of the most powerful tools in the City Deals framework is the use of the Federal Government's financial resources to incentivise state and local governments to achieve the goals of the City or Regional Deal they are involved in, including planning and zoning reform. City and Regional Deals are particularly powerful in improving the delivery of the new housing stock we will need over the coming years.

The Master Builders 2017 *Unlocking Supply* reports identified some of the potential solutions to the housing supply challenge and established how the shortage of 'shovel ready' land as well as embedded regulatory and tax costs can amount to 30% to 40% of the cost of a new home. The reports also quantified the benefits for housing supply of enhanced infrastructure investment.

Based on the favourable experience so far with Regional and City Deals, Master Builders calls for a new round of City Deals and Regional Deals. In particular, we suggest that these are selected to align with key infrastructure investments and the National Population and Planning Framework so as to ensure that gaps in our skills needs are plugged and that the delivery of infrastructure and housing supply is accelerated right across Australia.

Candidates for the new round of City/Regional Deals could include:

- Newcastle and the Hunter Region (New South Wales)
- Wollongong (New South Wales)
- Bendigo (Victoria)
- Cairns (Queensland)
- The Mackay Region (Queensland)
- Bunbury (Western Australia)

Master Builders calls for the 2020/21 Federal Budget to:

- Select new City Deals and Regional Deals.
- Provide adequate and proportionate funding and support resourcing for the delivery of City Deals and Regional Deals.
- Reduce the direct costs of residential land given that red tape and regulatory creep are estimated to add 30% to 40% to the final price of a new house[1].
- Incentivise state and local governments to loosen planning and zoning restrictions in inner city markets, including through less restrictive residential density ratios

[1] Master Builders Australia (2017) *Unlocking Supply: Keeping Home Ownership within reach of all Australians*

Master Builders believes that Business Investment Incentives need to be boosted in the Federal Budget

As the chart overleaf shows, the taxation burden on the Australian economy has grown significantly heavier over the past decade. Tax revenues are of course central to the financing of vital public services and investments. However, heavy taxation also has the effect of inhibiting incentives in the economy and blunting the market efficiencies which help guide better outcomes for the economy. With employment across the Australia economy dropping by 19,000 during October, the negative effects of taxation on job creation in the economy is also starting to bite. This challenge is also evidenced by the increasing reliance of our labour market on part-time rather than full-time jobs to create employment.

The recent experience of the United States where lower taxes, better investment incentives and more effective regulation have helped drive unemployment to a 50-year low is a valuable lesson.

Here, the weakness of domestic demand and the lack of confidence amongst businesses and households are the two biggest challenges looming over Australia's short-term economic prospects. Businesses need to start believing that their best days are still ahead of them and that they will be rewarded by increasing their investment and workforce now.

Our building and construction industry is the second largest in the economy – and one which is comprised of a simply enormous number of almost exclusively small firms.

The chart below describes how the typical construction business (with 2-3 employees) is left with an only modest operating profit after a marathon of hurdles and expenses have been travelled through – and that's before the taxman has even been encountered. Things need to change, and this is why Master Builders is calling on the Government to immediately reduce the company tax rate to 25% to encourage businesses to invest, expand and hire more workers.

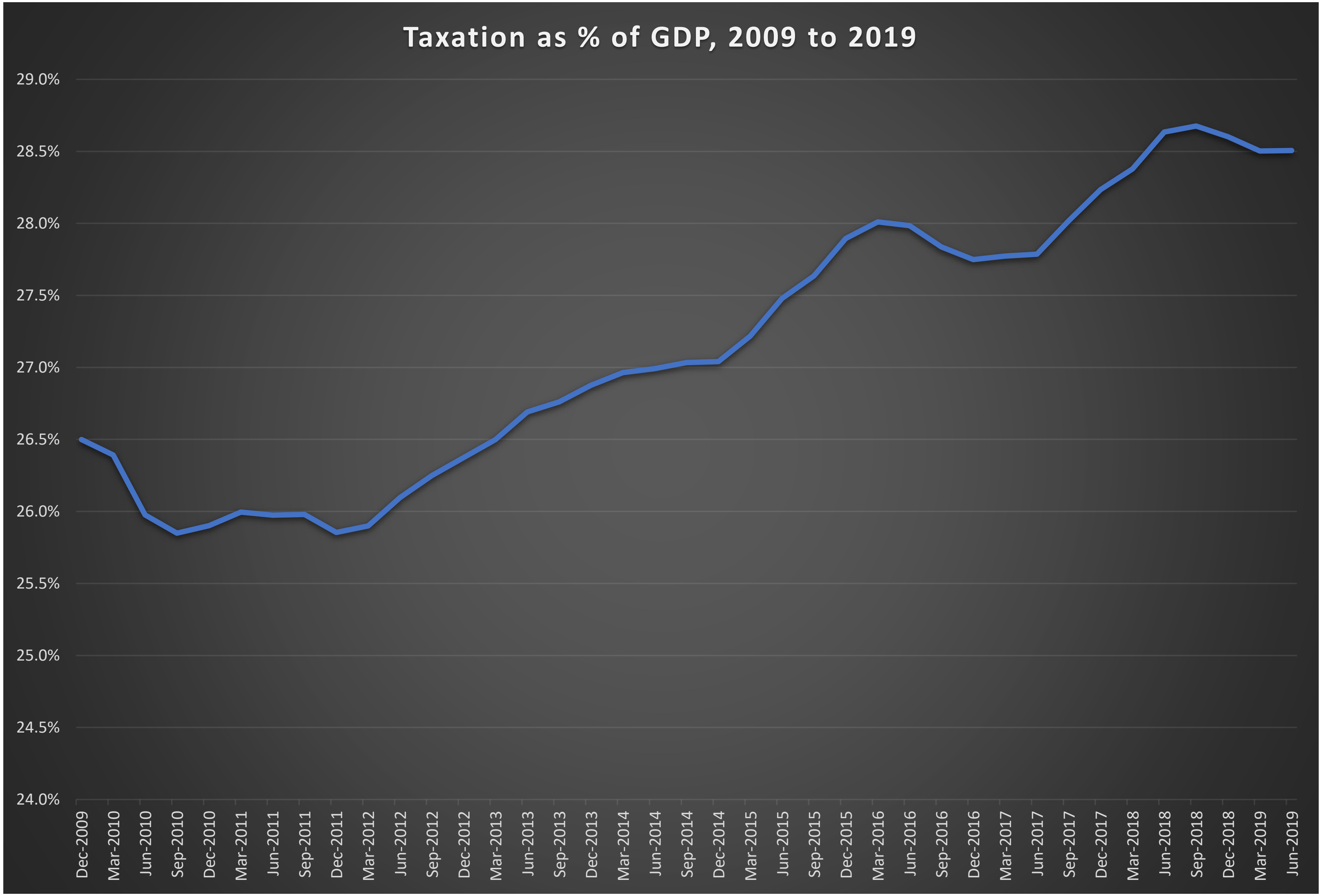
One of the most welcome announcements in last year's Federal Budget was the immediate increase in the instant asset write off to $30,000. This has made the cost of acquiring new tools, vehicles, equipment and machinery less onerous for small and medium size building businesses. During 2017/18, the average construction firm invested over $27,000 in new capital. Thanks to the increased instant asset write off threshold, the tax relief on these investments is more generous and the incentive for small firms to invest and expand has been sharpened.

As it currently stands, the Instant Asset Write Off is due to revert to its previous threshold of just $1,000 on 1 July 2020. With business investment in the economy still shrinking, we don't believe the time is right for paring back incentives for firms wishing to upgrade their productive capacity. We believe that the Federal Government should continue these incentives at current levels until business investment is properly back on its feet.

Along with education and upskilling, increasing the economy's stock of capital like buildings, machinery, equipment and plant is one of the most basic ways of improving its long term prospects. At the moment, the falling volume of investment in the economy places our growth story at risk. Therefore, we also propose that investment in assets costing over $30,000 be made more attractive by increasing the corresponding depreciation allowances on large assets whose cost exceeds $30,000 and cutting the tax bill for companies that want to gear themselves up for growth.

Master Builders calls for the 2020/21 Federal Budget to:

- Immediately cut the company tax rate to 25%
- Extend the $30,000 Instant Asset Write Off until 30 June 2022.
- Improve depreciation allowances for large assets to encourage investment activity in all sectors of the economy.


Taxation as % of GDP, 2009 to 2019
29.0%
28.5%
28.0%
27.5%
27.0%
26.5%
26.0%
25.5%
25.0%
24.5%
24.0%
Dec-2009
Mar-2010
Jun-2010
Sep-2010
Dec-2010
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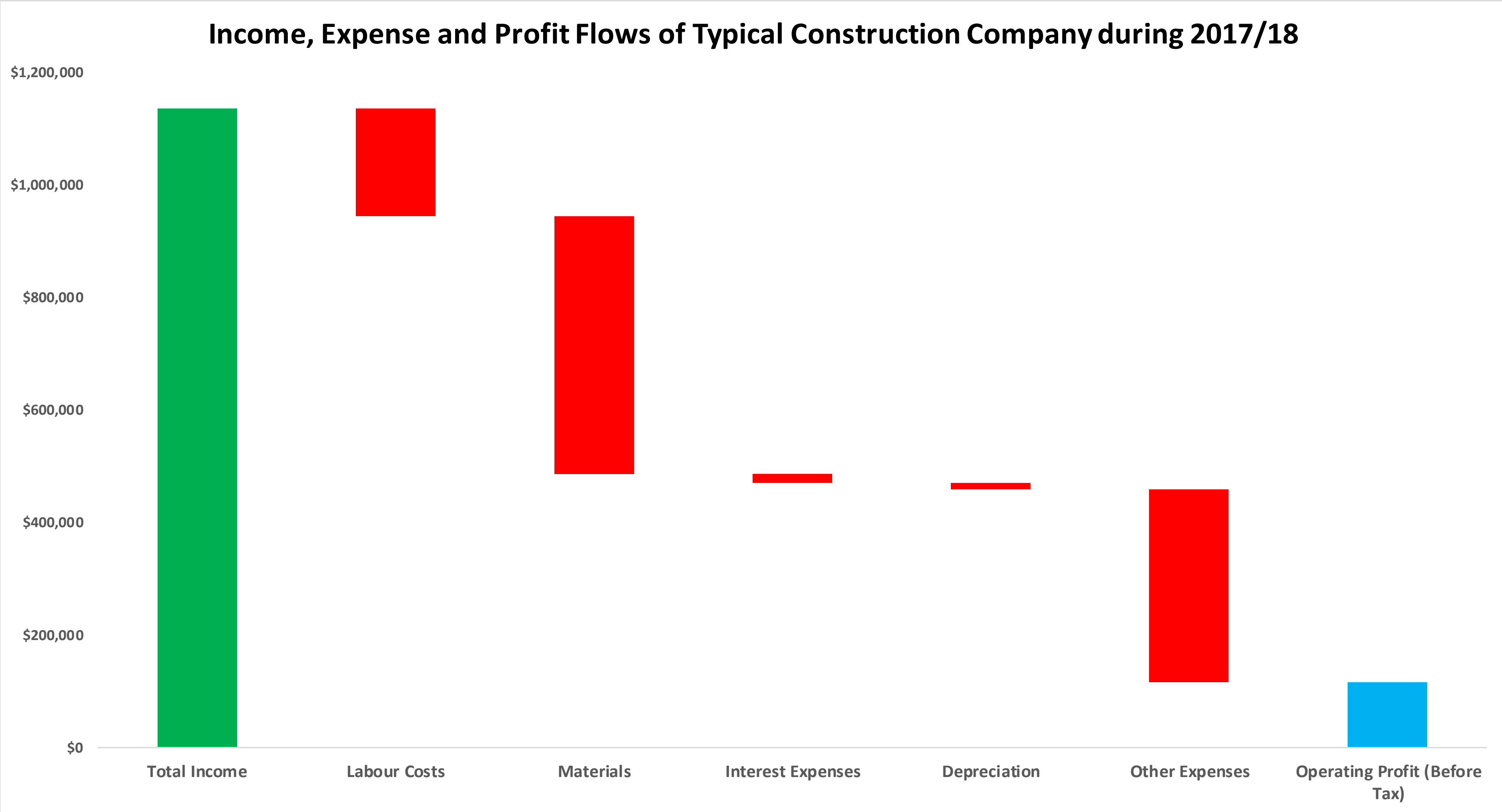
Income, Expense and Profit Flows of Typical Construction Company during 2017/18
$1,200,000
$1,000,000
$800,000
$600,000
$400,000
$200,000
$0
Total Income
Labour Costs
Materials
Interest Expenses
Depreciation
Other Expenses
Operating Profit (Before Tax)

Master Builders calls for the Commonwealth to lead national data collection on building information

As reported in the Shergold-Weir Building Confidence report and more recently reported in the media (including ABC's *Four Corners* in August 2019), key information on National Construction Code compliance (including Disability Access Standards) are not readily accessible or auditable.

Greater transparency, standardisation and auditability are essential elements to strengthen public accountability, regulation and development of best practice technical building regulation policy (the National Construction Code).

In response, the Shergold-Weir Building Confidence report recommended the establishment of a centralised source of data collection for building design/construction documentation and consistent collection of information on compliance with the National Construction Code (NCC).

This particularly highlighted issues with data collection regarding the use of all compliance pathways including performance solutions and deem-to-satisfy solutions as well as Australian Standards used as compliance standards. In the use of performance solutions in particular, the standard of documentation has been reported as particularly poor with a lack of basic information on matters relevant to performance and assessment methods applied.

Establishing a central data collection system for NCC compliance for construction will help to inform analysis on regulatory decision making and targeting of compliance and conformance checks and strengthen the regulatory framework.

The Commonwealth Government currently administers a centralised system to assess environmental performance – NatHERS (https://www.nathers.gov.au/). This model could be duplicated under the custodianship of CSIRO to collect consistent data on compliance with the NCC for Building Approvals (Building Permits, Construction Certificates) and provide consistent output(reporting) that would provide data input for State and Territory regulation.

The Commonwealth, in developing this platform, would provide something more tangible for states and territories in terms of delivering on recommendations in the Building Confidence Report. CSIRO would need to be appropriately resourced to deliver this.

Master Builders calls for the 2020/21 Federal Budget to:

- Increase resources for CSIRO to establish a centralised source of data collection and reporting for building design and construction compliance
- The provision of adequate resources for the collection of timely and accurate data on the characteristics of Australia's existing stock of buildings, including all types of dwellings.

Master Builders calls for CSIRO and the Australian Border Force to be provided with more resources to deal with high-risk building products

Australia has a strong building and construction sector, but the lack of enforcement, consistency and clarity when it comes to the regulatory framework means that the quality of activity in our sector has been compromised.

One area in particular that undermines the quality of our buildings is the large number of products in the marketplace that are not fit for purpose or which simply do not comply with Australian construction standards. This has resulted in inferior and sometimes dangerous products being used – as well as situations where products end up being used in a non-compliant manner in the construction of buildings.

Globalisation and free trade agreements have generated an international marketplace where products can be exported to any given jurisdiction, whilst product safeguards (including accreditation, certification, traceability, surveillance, audit and a penalty regime) have not been established to address sub-standard product manufacture and fraudulent behaviour. The global supply chain often means that products are not accompanied by the information needed to know how the products are to be used for construction in a way that complies with the National Construction Code.

At present, the system relies on manufacturers, designers, builders and building surveyors having to assess the appropriate level of product information for their projects and hunt through a maze of sources in search of reliable, accurate and up-to-date information.

Australia has quality conformance infrastructure in place which JAS/ANZ and NATA-accredited bodies operate. For construction products, there are many certification schemes operating under this framework. Despite this, there are still gaps whereby manufacturers and suppliers do not provide enough transparent and verifiable product information on the nature of each product's conformance with the NCC.

Better government oversight and coordination of a building product certification system could improve the effectiveness of the system and enable a platform for safeguards to be introduced to govern product quality and appropriate use.

Master Builders is calling for a better system that could be assessed through a 'single source of truth' portal, with government oversight, surveillance, audit and enforcement capabilities. The system could:

- require minimum, consistent information standards - expanding on the ABCB's Evidence of Suitability Handbook;
- match product certification schemes with those manufacturers who succeed in providing product information that meets Evidence of Suitability requirements; and
- be supported by a dedicated research facility which produces best practice compliance information, operates a high-risk product surveillance system and has the powers to audit and penalise fraudulent behaviour.

Best practice information could be delivered through CSIRO with surveillance conducted by Australian Border Force. Powers of audit and the imposition of penalties could then be adopted in state/territory jurisdictions. This would be in keeping with the Shergold/Weir Building Confidence report which recommended a system of mandatory permanent product labelling and prohibition against the installation of high-risk building product that are not certified.

Master Builders calls for the 2020/21 Federal Budget to:

- Provide funding for the creation of a 'single source of truth' portal to prevent non-complying building products from entering into the supply chain
- Increase funding for CSIRO to support the production of best practice information related to building product compliance
- Adequately resource Australian Border Force to expand its functions to include building product surveillance.

Master Builders would like to see VET initiatives directed so as to maximise jobs and investment outcomes

Maintaining Australia's economic prosperity and delivering the Government's ambitious infrastructure investment pipeline and housing agenda will require an appropriately sized and skilled workforce. Unfortunately, the building and construction industry is facing a significant labour and skills shortage over the next decade. We anticipate that the industry will need an additional 300,000 employees, apprentices and independent contractors over the next decade in order to replace those retiring from the industry - as well as to perform the larger set of construction work needed for a growing population. Newly released projections from the Department of Employment indicate that the total number of people employed in Australia's construction industry will rise by 113,700 over the years to 2024 – equivalent to a 9.7% expansion. This includes a 37,600 rise in the number of those performing skilled trades like carpenters, joiners, plumbers, tilers and plasterers over the next four and a half years. Given that a substantial number of people will exit the construction industry due to retirement over the period to 2024, the challenge in terms of attracting, training and retaining new entrants to our industry will be considerable.

In the first instance, vocational education and training is the primary means for new entrants to gain the skills and knowledge they require to participate in the building and construction industry. To meet future workforce needs we, collectively, need to get the settings right to:

1. attract more people to the industry; and
2. provide a training system that can deliver the skills the sector needs.

Over the last 12 months, vocational education and training has been a key focus for the Australian Government. Master Builders Australia notes that initiatives and announcements have included:

- The Strengthening Skills Expert Review (the Joyce Review, released April 2019)
- The commitment of $525.3 million over five years in the 2019/20 Budget for the Skills Package: Delivering Skills for Today and Tomorrow (noting most of this was not new funding, but rather redirected from the Skilling Australians Fund)
- COAG and COAG Skills Council commitments to a shared vision for Vocational Education and Training in Australia
- Preliminary work to establish the National Skills Commission, Skills Organisations and the National Careers Institute, including discussion papers, consultations and the announcements of the first Careers Ambassador, interim Skills Commissioner, and Skills Organisation pilots.
- The COAG Education Council's Review of Senior Secondary Pathways (due in June 2020)
- The Productivity Commission Review of the National Agreement of Skills and Workforce Development (due Nov 2020)

Given the array of initiatives taking place concurrently Master Builders Australia urges the Government to put in place arrangements to ensure that silos do not form and that duplication is avoided. For example, the National Careers Institute is looking at career pathways, as is the COAG Education Council Review of Senior Secondary Pathways. Similarly, the Productivity Commission is tasked with developing options for improving funding and pricing arrangements, which is also proposed as a role for the National Skills Commission.

Master Builders Australia recommends the 2020/21 Federal Budget allocate funding to:

- **Implement Master Builders pilot initiatives that improve apprenticeship retention and completion rates**. Employers have identified that a key challenge to delivering quality outcomes to apprentices is their level of work readiness at commencement of the apprenticeship.
    - Work undertaken by Master Builders Australia identified that learners who commence without being work ready are less likely to complete their apprenticeship. This costs employers, trainers and government time and money, and can create issues for the apprentice's future work prospects. Our view is that learners sit on a continuum of work readiness.
    - As an industry facing significant skills shortages, we are keen to progress our work-readiness research to the next stage – developing and piloting a work-readiness assessment tool. This tool will enable training providers and employers to understand and assess if a learner is work-ready or requires additional training, such as a pre-apprenticeship. It will also assist learners to self-identify where they sit on the work readiness continuum
- **Pilot industry initiatives to assess the quality of registered training providers.** Addressing this information gap would assist learners, their advisers and employers to make informed decisions about training providers while simultaneously incentivising training providers to deliver higher quality training.
    - This proposal would in-principle progress recommendation 3.5 of the Joyce Review. However, it would be industry-led rather than a role for the regulator. Master Builders Australia firmly believes industry is better placed to assess quality within its sector than the regulator.
    - Master Builders Australia has undertaken preliminary work toward a quality rating system for the building and construction industry. This work was underpinned by research, supported by TAFE Directors Australia and the Australian Council for Private Education and Training, and included extensive consultation with training providers.
    - The next step in this project is to progress to the pilot stage. Given the work already undertaken and the link to the Joyce Review recommendation 3.5, Master Builders Australia believes the building and construction industry is well positioned to pilot the development of a quality rating system for training providers which could then be extrapolated to other industry sectors.
- **Increase the Additional Identified Skills Shortage Payment program target** to 150,000 new apprentices (up from 80,000) to better meet workforce demands in eligible occupations by encouraging more employers to hire an apprentice and more people to begin and complete an apprenticeship.
- Encourage small building and construction businesses to **hire an apprentice by fast tracking housing initiatives** and expanding small business procurement targets for government infrastructure and construction projects. Small business stakeholders have told us they would like to hire an apprentice but are apprehensive as to whether or not they will have a sufficient pipeline of work to sustain a four-year apprenticeship.
- Provide signatory states of the **Skilling Australians Fund** National Partnership Agreement with additional funding for the remaining years to align with the original estimates in the Agreement. This will provide signatory states with funding certainty for the two remaining financial years, leading to better planning and outcomes.
- Improve **secondary school careers education**, by:
    - ensuring schools are appropriately resourced to provide quality up-to-date careers education to secondary school students that equally values all pathways and occupations and puts the interests and aspirations of students at the centre of their career pathway education; and
    - establishing a grant program for industry-school initiatives and projects to improve secondary school students understanding of career opportunities and assist them to make informed decisions about their post-school pathways.


Number of New Construction Trade Apprentice Commencements, 2015 to 2019 (year to 31 March)
23,500
23,000
22,500
22,000
21,500
21,000
20,500
20,000
22,765
23,170
21,770
22,930
21,230
2015
2016
2017
2018
2019
Source: NCVER (2019) Apprentices and Trainees, March 2019 quarter

Master Builders Supports Agency Resourcing for an Orderly, Safe and Compliant Industry

The building and construction industry is committed to delivering safe and productive workplaces for the more than one million people it employs. The personal and community cost of serious injury and death at work cannot be underestimated and must be addressed. Safer and more productive workplaces can be achieved without adding to the existing level of complexity and compliance. The industry, which is overwhelmingly comprised of small firms, must also be supported in dealing with the burden of regulation and navigating the constant changes underway in the legislative and microeconomic environment.

Master Builders calls for the 2020/21 Federal Budget to:

- Establish and resource a new Business and Industry Research and Education Fund (BIREF).
- Resourcing to allow for creation of new Office of the Small Business Government Procurement Advocate to support small business in participating in government procurement.
- Maintain and boost funding to the Australian Building & Construction Commission (ABCC) so as to ensure that building work is carried out fairly, efficiently and productively.
- Provide increased funding to the Registered Organisations Commission so that it is adequately resourced in event of Ensuring Integrity Bill being adopted.
- Expand funding for the Fair Work Commission to assist with educating industry on implications of Modern Awards.
- Maintain and boost funding to Asbestos Eradication & Safety Agency.
- Expand representative remit of Safe Work Australia and ensure funding allocation matches its increased scope.
- Boost funding for the Office of the Federal Safety Commissioner (OFSC) in order to increase its capacity and capabilities to identify and progress best practice initiatives which improve industry safety performance and overall outcomes.
- Increase the Dust Diseases Taskforce's allocation to support its research into silicosis.

The funding implications of these proposals are summarised in the table below.

Additional Agency Funding Recommended by Master Builders over Forward Estimates Period				
Agency	**2020/21**	**2021/22**	**2022/23**	**2023/24**
New Business & Industry Research and Education Fund (BIREF)	Nil	Nil	Nil	Nil
New Office of the Small Business Government Procurement Advocate	$10 million	$5 million	$5 million	$5 million
Australian Building & Construction Commission	$5 million	$5 million	$5 million	$5 million
Registered Organisations Commission	$25 million	$10 million	$10 million	$10 million
Fair Work Commission	$20 million	Nil	Nil	Nil
Asbestos Eradication & Safety Agency	$2 million	$2 million	$2 million	$2 million
Safe Work Australia - independent review	$500,000	Nil	Nil	Nil
Office of Federal Safety Commissioner	$2 million	$2 million	$2 million	$2 million
Dust Disease Taskforce	$5 million	Nil	Nil	Nil

Each of these proposals are expanded on individually in the paragraphs that follow.

Establishment and Resourcing of Business and Industry Research and Education Fund (BIREF)

Based on various trials and funding allocations from a range of Commonwealth agencies and departments, Master Builders strongly believes that business representatives are the most effective and efficient bodies in terms of delivering education and information to industry.

Changes to the legislative and regulatory environment are constant and unrelenting. Unless these are communicated effectively and efficiently to the business community, there is a risk that business will demonstrate an unnecessary degree of non-compliance which has the potential to undermine the policy intent sought by such changes.

Master Builders believes that industry and business organisations are far more effective at communicating changes to the legislative and regulatory environment than any other body or entity. To this end, Master Builders commends to Government the creation of a Business and Industry Research and Education Fund ('BIREF') as an ongoing and standing fund to which industry groups and business organisations can apply for financial assistance to deliver tailored and industry specific training and education.

The business community, particularly small businesses, will generally respond far more positively to such training and education when delivered through their industry representatives rather than Government representatives. There are numerous benefits to such an initiative, including the capacity for business groups to deliver training and education about numerous developments about a broad range of issues at once, along with higher levels of business compliance which lessens the need for costly and time-consuming regulator enforcement.

An initiative such as the proposed BIREF needn't require additional Government appropriation, but instead be funded through the re-allocation of all funding for education and awareness programmes into one consolidated and centralised fund.

The fund would be capable of receiving applications from business groups to develop and deliver training and education programmes about any relevant changes to the legislative or regulatory environment on an 'as needs' basis.

New Entity – Office of the Small Business Government Procurement Advocate

Master Builders seeks the creation of a new office within the Department of Finance that is specifically dedicated to assisting SMEs increase their capabilities to tender for and engage in Commonwealth Government procurement.

Master Builders suggests that a new entity be created named the Office of the Small Business Government Procurement Advocate & Research that would have a remit to:

- Be the advocate for SMEs insofar as procurement and any disputes pertaining thereto;
- Assist small business tender for Government work;
- Simplify procurement processes and increase the use of SME procurement;
- Educate SMEs to improve the standard of commercial conduct;
- Undertake meaningful research on small business commercial issues, including contracts and payment times; and
- Be a 'one-stop shop' for all small businesses seeking to contract with Government, departments or agencies.

Master Builders recommends that a total of not less than $25 million be set aside for such an entity with this appropriation front-loaded within the forward estimates to facilitate its initial creation and establishment.

Australian Building and Construction Commission – Maintain and Boost Funding

The Australian Building and Construction Commission ('ABCC') is an essential agency holding responsibility for ensuring that building work is carried out fairly, efficiently and productively so as to deliver benefits to employers, employees, workplaces and the community as a whole.

The importance of the ABCC and its work to the building and construction industry cannot be understated. It plays a significant role in reducing lawlessness and other unlawful industrial behaviour which generates benefits for worksites and the broader economy.

When compared to earlier iterations, the remit of the ABCC as constituted is larger and includes functions and tasks about which there is a growing degree of community concern. These functions include responsibility for ensuring employers meet and comply with their employment conditions and a greater focus on the standard of industry commercial conduct, including compliance with various State and Territory security of payment regimes.

The impacts of a larger remit for the ABCC are positive and, when regard is given to the noticeable benefits these deliver to industry and workplaces, there is significant merit in not only maintaining the existing level of appropriation but increasing this at least $5 million per year over the forward estimates period.

Registered Organisations Commission – Boost Funding

The Registered Organisations Commission (‘ROC’) has delivered improved standards of industrial conduct and greater degrees of transparency and accountability to those who are members of such organisations.

The additional functions proposed for the ROC within the Fair Work (Registered Organisations) Amendment (Ensuring Integrity No. 2) Bill 2019 necessitates an increased allocation of financial resources. Master Builders estimates that increase should be such that it enables the ROC to double in size and that this process should be facilitated by an initial special appropriation of $15 million for the 2020/21 financial year, with further additional funding be increased by not less than $10 million per year over the forward estimates.

Fair Work Commission – Additional Funding to Assist Modern Award Compliance

Master Builders recommends that additional funding be made available to business through the Fair Work Commission (‘FWC’) to educate industry about substantial changes to Modern Awards arising from both the 4 Yearly Review of Modern Awards and other related sources of significant change to employment conditions.

The heightened degree of community awareness about the level of industry compliance with legislatively prescribed employment conditions should signal to Government that greater resourcing should be made available to let industry help industry. Various items of legislative change, combined with significant changes arising from the 4 Yearly Review process, will see the complexity and density of industrial relations obligations increase and compliance become even more resource intensive for business, particularly for small business.

To assist small business in understanding and complying with this ever-increasing complexity and detail, the Government should provide the FWC with an additional appropriation of $20 million for the first year of the forward estimates. This appropriation should be reserved for, and made available to, industry representatives to assist employers increase their awareness and understanding of their obligations and help them better navigate through the many sources of complex and detailed workplace obligation.

Asbestos Eradication and Safety Agency – Maintain and Boost Funding

The Asbestos Eradication and Safety Agency (‘ASEA’) plays an important coordination and centralisation role as Australia moves to ensure asbestos hazards are controlled and without risk to health and safety.

Having recently finalised the latest iteration of the National Strategic Plan, ASEA has recently undergone significant operational changes that have vastly improved its efficiency and delivered a far more effective agency.

Industry has already begun to notice these improvements and remains keen to see greater interaction with ASEA to deliver an improved health and safety built environment. In particular, industry is concerned to see a greater degree of research undertaken in terms of managing asbestos in situ, and for greater levels of awareness and education amongst the community, especially amongst the DIY home renovation sector.

Master Builders calls on the Government to not only maintain the existing level of appropriation for ASEA, but for it to be boosted by not less than $2 million per year over the forward estimates to take advantage of the improved level of goodwill which exists within the building and construction sector.

Safe Work Australia – Expand Representative Remit

Safe Work Australia ('SWA') has the potential to play an even greater role in discharging its initial remit, being the coordination of nationally consistent workplace health and safety laws and policy. To achieve this, its representative remit must be expanded so as to generate a greater representative role for those employers who operate within what SWA categorise as 'priority industries', such as the building and construction industry.

SWA must also pay greater regard to domestically based matters and ensure it does not lose sight of its overarching aim and purpose. It should do this by ensuring stricter adherence to the *Intergovernmental Agreement for Regulatory and Operational Reform in Occupational Health and Safety* as originally agreed by COAG.

In addition, Master Builders calls on the Government to undertake an independent review of SWA to ensure it is operating in accordance with its revised objective and functions arising from amendments to the *Safe Work Australia Act 2008* (Cth) enacted in August 2017. Master Builders calls for additional funding of not less than $500,000 for the first year of forward estimates to facilitate the review.

Office of the Federal Safety Commissioner – Boost Funding

The Office of the Federal Safety Commissioner ('OFSC') is an effective entity that proactively engages industry in working towards achieving high standards of workplace health and safety on Australian building and construction projects.

Improvements in industry safety outcomes are clear and compelling for those entities who have achieved accreditation under the Australian Government Work Health and Safety Accreditation Scheme. These results are complimented by the OFSC's pursuit of sustainable cultural change within the industry, along with its support for innovative and positive WHS practices.

Master Builders recommends that the Government boost funding to the OFSC specifically in order to increase its capacity and capabilities to identify and progress best practice initiatives which improve industry safety performance and overall outcomes.

Dust Diseases Taskforce – Boost Funding for Domestic Research

Master Builders supported the creation of the Dust Diseases Taskforce as a dedicated, health focussed taskforce to coordinate a national approach to the prevention, early identification, control and management of dust diseases.

The work of the taskforce is particularly crucial given that community focus on disease caused by dust, especially silicosis, has increased in recent years despite there being precious little data on the extent of disease or research on appropriate control methods, particularly for at risk sectors including building and construction.

Master Builders seeks that the Taskforce receive a one-off boost of $5 million to fund specific research into the extent of silicosis exposure on construction sites, including the level of exposure across different types of construction workplaces and the different types of work performed therein.

Summary of First Home Buyer Incentives in States and Territories as at December 2019

Summary of First Home Owner Grants in Each State and Territory, December 2019

Jurisdiction	Maximum First Home Owner Grant available	Maximum Grant as % of Median House Price (Oct 2019 Prices in Capital City)	FHB Share of Owner Occupier Market - year to Sept 2019	Date Current Grant took Effect	Type of Transaction Eligible	Home Price Limit for Grant
New South Wales	$10,000	1.1%	25.5%	1 July 2017	Purchase of New Home	Only for homes up to $600,000
					Purchase of land and subsequent building of home	Only for homes up to $750,000
Victoria	$10,000 in Greater Melbourne	1.3%	30.4%	1 July 2017	New Homes only	Only for homes up to $750,000
	$20,000 in regional Victoria	5.2%				
Queensland	$15,000	2.8%	26.4%	1 July 2018	New Homes only	Only for homes up to $750,000
South Australia	$15,000	3.2%	22.2%	1 January 2014	New Homes only	Only for homes up to $575,000
Western Australia	$10,000	2.2%	35.8%	1 July 2017	New Homes only	Only for homes up to $750,000 (or $1m in regional areas of northern WA)
Tasmania	$20,000	4.1%	22.0%	1 July 2016	New Homes only	No price limit
Northern Territory	$30,000	6.4%	41.2%	7 May 2019	New Homes only	No price limit
ACT	*First Home Owner Grant no longer applies in the ACT (since 1 July 2019)*					

Source: Master Builders Australia analysis of State and Territory Revenue Office websites

Summary of Stamp Duty Exemptions for First Home Buyers as at December 2019

Stamp Duty Exemptions for First Home Buyers in Each State/Territory, December 2019						
Jurisdiction	**Name of Scheme (if any)**	**Effective since**	**Eligible Buyers**	**Eligible Transaction**	**Dwelling Price Limit to Qualify for Exemption**	**Other Conditions**
New South Wales	First Home Buyer Assistance Scheme	1 July 2017	First Home Buyers only	New and Established Homes	Homes up to $650,000	
				Vacant Land	Land up to $350,000	
Victoria	First Home Buyer Exemption	1 July 2017	First Home Buyers only	New and Established Homes	Homes up to $600,000	
Queensland	First Home Concession		First Home Buyers only	New and Established Homes	Homes up to $500,000	
				Vacant Land	Land up to $250,000	
South Australia	*No special Stamp Duty Exemption for FHBs in South Australia*					
Western Australia	First Home Owner Rate of Duty	3 July 2014	First Home Buyers only	Home	Home up to $430,000	
				Vacant Land	Land up to $300,000	
Tasmania	*No special Stamp Duty Exemption in Tasmania for FHBs. Concessional Rate applies in some cases (see Table below)*					
Northern Territory	Territory Home Owner Discount	8 February 2019	Any buyer who has not owned a home in NT in previous 24 months	New and Established Homes, Vacant Land	Homes up to $650,000	
ACT	Home Buyer Concession Scheme	1 July 2019	Buyers who have not owned any property in the last 2 years	New and Established Homes; Vacant Land	No Price Limit	Gross income of homebuyers cannot exceed $160,000-$176,650 (depends on number of children)
Source: Master Builders Australia analysis of State and Territory Revenue Office websites						

Overview of Concessional Stamp Duty Rates for First Home Buyers as at December 2019

Concessional Rates of Stamp Duty for First Home Buyers in Each State/Territory, December 2019						
Jurisdiction	**Name of Scheme (if any)**	**Effective since**	**Eligible Buyers**	**Eligible Transaction**	**Dwelling Price Range for Concessional Stamp Duty Rate**	**Other Conditions**
New South Wales	First Home Buyer Assistance Scheme	1 July 2017	First Home Buyers only	New and Established Homes	$650,000 to $800,000	
				Vacant Land	$350,000 to $450,000	
Victoria	First Home Buyer Exemption	1 July 2017	First Home Buyers only	New and Established Homes	$600,000 to $750,000	
Queensland	First Home Concession		First Home Buyers only	New and Established Homes	$500,000 to $550,000	
				Vacant Land	$250,000 to $400,000	
South Australia	*No special Stamp Duty Concessions for FHBs in South Australia*					
Western Australia	First Home Owner Rate of Duty	3 July 2014	First Home Buyers only	Home	$430,000 to $530,000	
				Vacant Land	$300,000 to $400,000	
Tasmania	Duty Concession for FHBs of Established Homes	7 February 2018	First Home Buyers only	Established Homes Only	Up to $400,000	
Northern Territory	Territory Home Owner Discount	8 February 2019	Any buyer who has not owned a home in NT in previous 24 months	New and Established Homes	Up to $650,000	
ACT	*'No Concessional Rates in the ACT - only Exemptions (see table above)*					
Source: Master Builders Australia analysis of State and Territory Revenue Office websites						

Infrastructure Projects that Could Benefit from Support in Federal Budget 2020/21

Project Name	State/Territory	Area Served
Sydney Metro West	NSW	Greater Sydney
North-South Metro Rail Link		Greater Sydney
Great Western Highway		Greater Sydney
Outer Suburban Rail Loop	Victoria	Greater Melbourne
East West Link		Greater Melbourne
Melbourne Airport Rail		Greater Melbourne
Fast Rail from Melbourne to Geelong/Ballarat/Bendigo		Greater Melbourne
Cross River Rail	Queensland	South East Queensland
North-South Corridor (completion of)	South Australia	Greater Adelaide
Grain/Minerals Port on Eyre Peninsula		Eyre Peninsula
Extension of Tram Services in Adelaide CBD		Greater Adelaide
Underground Rail Link in Adelaide CBD		Greater Adelaide
Completion of Gawler Rail Electrification		Greater Adelaide
O-Bahn Extension in Adelaide		Greater Adelaide
Level crossing removals in Adelaide		Greater Adelaide
Sealing of the Strzelecki Track		Regional SA
West Port-led maritime projects	Western Australia	Throughout WA
Bass Highway Corridor improvements	Tasmania	Regional Tasmania
Hobart to Sorell Corridor		Greater Hobart
Midland Highway Upgrade		Regional Tasmania
Port of Burnie Shiploader		Regional Tasmania
Northern Link Road (Jabiru to Arnhem Land)	Northern Territory	Arnhem Land/Top End
Canberra Light Rail - Stage 2	ACT	Canberra City - Woden Corridor

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