MASTER BUILDERS QUEENSLAND
The home of building

6 February 2026

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

2026–27 State Budget: Rebuilding Productivity

The urgent need to drive progress on productivity in Queensland's building and construction industry has never been greater – and the case for action has never been stronger.

Queensland is facing what is arguably the most extraordinary pipeline of housing, community, and infrastructure projects our state has ever seen – not to mention those for the 2032 Games delivery program.

To meet this challenge, construction businesses need a stable operating environment. One that supports efficiency and sustainability. That means resilient supply chains for skilled labour and materials. It means flexibility to adopt more innovative and productive ways of working. And it means regulation that is targeted, clear, and does not drag on productivity.

Against this backdrop, the Queensland Productivity Commission's (QPC) final report set out clear, practical recommendations to ensure industry has the policy settings it needs to meet the challenges and deliver this essential pipeline for Queensland.

The 2026–27 State Budget is now a crucial opportunity for government to take further meaningful action through targeted and strategic investment where it matters most.

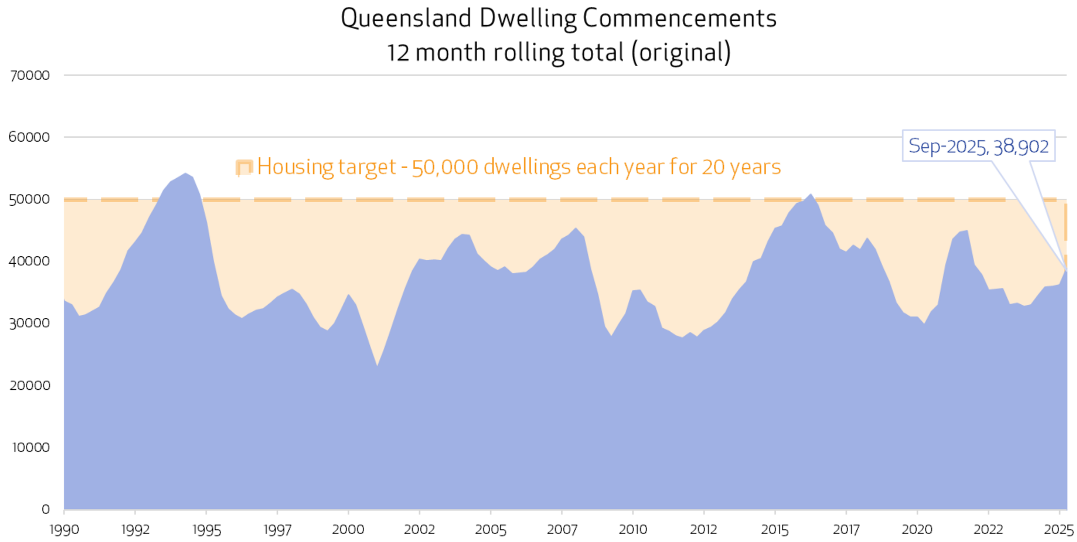
To this end, our submission to the 2026–27 Queensland Budget asks the Queensland government to focus on three key areas:

1. Funding to support the growth of Queensland's construction workforce
2. Strategic investment to deliver Queensland's housing targets
3. Provision for whole-of-government focus on rebuilding industry productivity.

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 been contemplated, let alone achieved. It will require a fundamental shift in housing delivery.

Looking to dwelling commencement data, we have only reached the annual target twice in our history and never for any sustained period, like is needed now.



Source: Master Builders & ABS

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 comes at a time of 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 42.5 per cent over the past five years, while the cost of building a house has surged by 51.9 per cent in the same period.[1] During this period, the average time from approval to completion for new houses in Queensland has increased by two months, now averaging nine months.[2]

Meeting these challenges will require that we lift industry productivity. And yet currently, the reverse is occurring. The QPC found that construction industry productivity has declined by around 9 per cent since 2018, which if it had not been the case could have seen the delivery of 77,000 more homes – enough to address the current housing crisis.[3]

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[1] Australian Bureau of Statistics, 6427.0 Producer Price Indexes, September 2025

[2] Master Builders Australia analysis of ABS 8752.0 Building Activity, 2024-25

[3] QPC, Opportunities to Improve Productivity of the Construction Industry Final Report, October 2025.

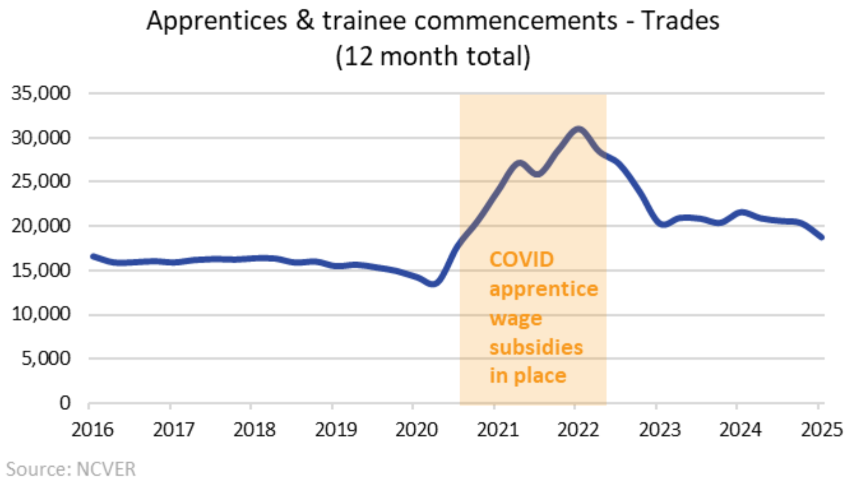
Master Builders has prepared this submission to outline the funding commitments the government can make to begin addressing these issues and to help ensure the industry is best equipped to deliver the homes and buildings that Queensland needs.

1. Funding to support the growth of Queensland's construction workforce

Workforce supply issues are already challenging project delivery and are expected to worsen as the large pipeline of work ramps up. Construction Skills Queensland reports that around 146,100 construction workers will be needed to deliver the expected pipeline of work, leaving an expected shortfall of about 40,000 construction workers in 2025-26[4]. We must do more to attract and retain people to our industry and to ensure that they have the appropriate skills to get the job done.

Financial support for employers to take on new apprentices

To begin to address the structural labour shortfall, we must ensure a strong pipeline of apprentices are entering and remaining in our sector. At present, the opposite is occurring, with apprenticeship commencements in decline. While commencements peaked above 14,000 in 2020–21 and 2021–22, during the period that the COVID pandemic apprentice wage subsidies were in place, they have since fallen to 11,800 in 2023–24.[5].



Increasingly employers cannot carry the cost and complexity of taking on apprentices, with many walking away from the system altogether. The Queensland budget can lay a foundation for sustained growth of the construction workforce by providing targeted apprenticeship support. The Queensland Government's $19 million Small Business Apprenticeship Pilot is already providing a valuable foundation but there is more that needs to be done.

The budget represents an opportunity to deliver a targeted and high-profile package that boosts apprenticeship commencements and improves completion rates, while maximising value from available funding.

[4] Construction Industry Outlook: Current insights and 2025-26 forecast

[5] CSQ Training Plan 2025-26

Key measures should include:

- Enhanced wage subsidies to drive apprentice hiring by employers. A 50 per cent rebate on at least the first-year apprentice wage would meaningfully offset the cost of employing an apprentice and help businesses commit to taking on new apprentices. History shows that when wage subsidies were available during the COVID pandemic, apprenticeship commencements rose sharply, illustrating that reducing employer costs is a highly effective lever for boosting apprenticeship participation.[6]
- Provide subsidised access to Group Training Organisations for small and family businesses, supporting employers who are hesitant due to the complexity and administrative burden of the system.
- Extend the Free Construction Apprenticeships for Over 25s program beyond its current end date of 30 June 2026.
- Increase apprenticeship employment across Government Owned Corporations and public sector entities.
- Review current investment in VET in schools, ensuring expenditure aligns with Queensland's workforce priorities and redirecting funding where it does not.
- Deliver a highly visible statewide campaign encouraging Queenslanders to commence apprenticeships that builds on Construction Skills Queensland's Construction Pathways program.
- Continue investment in industry-aligned pre-apprenticeship programs.
- Expand flexible training pathways for experienced workers who lack a formal trade qualification.

Given the scale and urgency of Queensland's workforce challenge, industry expects that delivering this package will require significant investment—exceeding $100 million. Noting this, there may also be opportunities for reprioritisation within existing training expenditure.

The budget should:
• Deliver a targeted, high-profile package to boost construction apprenticeships, including wage subsidies at a level sufficient to incentivise employers to take on apprentices.

[6] BuildSkills Australia, Housing Workforce Capacity Study, 2025: p65

2. Strategic investment to deliver Queensland's housing targets

Meeting Queensland's housing targets will require targeted investment. The government has recognised this need through its direct investment in social housing and in the vital funding of infrastructure through the $2 billion Residential Activation Fund. There are more opportunities to leverage investment through grants and the taxation system.

Recalibrate the first homeowner grant boost

The existing $15,000 boost to first homeowner 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 30 June 2026.

On 1 May 2025, the government's new stamp duty concession for first homeowners buying a new home reduced 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. This saving is more than cancelled by the loss of the $15,000 boost on the first homeowner grant.

Also limiting its effect is the $750,000 (house and land value) cap. The median sale price of new houses across Queensland is now $ $880,000 and in Brisbane this increases to $1.56 million. [7] This is having the effect of distorting the market for land for new housing in driving a growing number of people to a shrinking pool of land that can accommodate a house within the price cap.

The grant should be unshackled. It should be extended past 30 June 2026 and the unrealistic cap of $750,000 should be adjusted or removed.

Stamp duty and new builds

Another budget lever that the government can pull 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, 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 by incentivising new builds.

The Queensland 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.

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

[7] Queensland Government Statistician's Office, September 2025

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 $29,507 for an investor and $22,332 for a homeowner on an $800,000 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

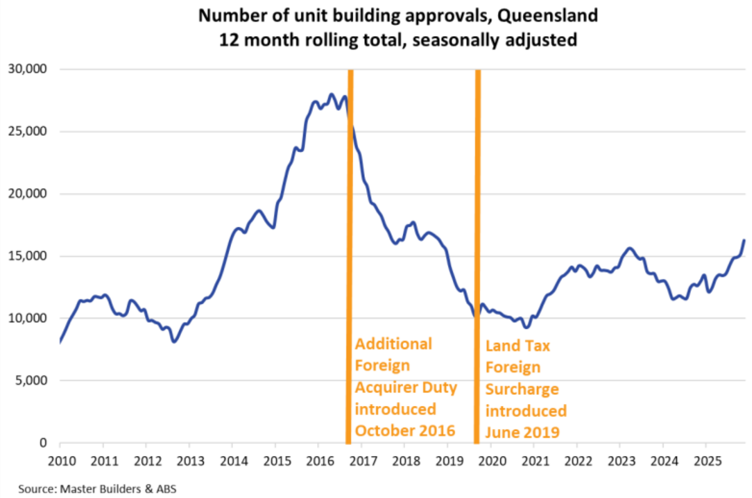
The majority of building and construction businesses are small businesses. Payroll tax acts as a disincentive to increasing the size of their workforce and growing to meet the demand for new construction.

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.

Remove foreign investment surcharges

Foreign investment offers enormous potential to expand housing supply, yet the introduction of the Additional Foreign Acquirer Duty (AFAD) and the Land Tax Foreign Surcharge (LTFS) has had the opposite effect. Neither surcharge was subject to proper assessment of its impact on housing supply and since their introduction, there has been a clear decline in approvals for new residential unit developments.



The QPC also found that additional taxes on foreign developers "may discourage investment, reduce housing supply and reduce innovation". The QPC recommended that Queensland Treasury conduct modelling to assess the impact of these surcharges on foreign investment to determine whether these should be removed. [Recommendation 57]

To unlock housing supply, these taxes should be removed, or at the very least subjected to urgent and thorough impact assessment.

The budget should:
• Continue the $15,000 first homeowner grant boost for new builds past 30 June 2026 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. • Remove foreign investment surcharges.

3. Provision for whole-of-government focus on rebuilding industry productivity

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

Government met this challenge head on by establishing a QPC which had a review of the construction industry as a its first order of business. With the recommendations of the QPC's Final Report setting out the path forward, it is important that the government invests in getting it delivered.

Invest in systems and infrastructure to ensure the timely connection of utilities
Delays in utility connections (electricity, sewer and water) are widespread and have serious implications for construction programs both in timelines and cost blowouts.

The final QPC report recognised the challenges in timely utility connections as a serious drag on industry productivity. It included several recommendations that the government, for its part, agreed with or noted [Recommendations 58 – 64]. It is important that these recommendations are implemented as priority and there is a sufficient investment to ensure their delivery.

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 still

reflected in the pattern CFMEU enterprise agreement, have assisted the union in weaponising 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 Work Health and Safety Queensland (WHSQ) for front-line safety inspectors and investigators. Specifically, additional funding is needed for additional WHS inspectors, training of inspectors, and to allow WHSQ to expand its educational role.

The government has already agreed with the QPC's recommendations directed at strengthening workplace health and safety enforcement [Recommendations 48 – 50]. The funding is now needed to ensure that it happens.

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 profitability[8]. Other more advanced software solutions can also increase productivity.[9]

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.[10] We ask that the budget allows for this commitment to proceed as an urgent priority.

[8] 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

[9] Payapps, Resilience in Construction Research Report for 2023

[10] Deb Frecklington MP - Member for Nanango - New grants program to help tradies boost their business

The budget should:
• Invest in systems and infrastructure to ensure the timely connection of utilities. • Provide funding for additional front-line WHS inspectors, training of WHS inspectors and to expand WHSQ's industry education role. • Fund a grant program to support small and medium businesses in the building industry to adopt business improvement software.

Summary

If the construction industry is to be empowered 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 investing to boost the number of apprentices being trained in our industry, reducing the taxation burden, ensuring the timely connection of utilities, building capacity in government enforcement of WHS laws, supporting the uptake of business software, 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 redacted.

Regards,

Michael Hopkins
Executive Director – Advocacy and Member Services