

MASTER BUILDERS ACT

BRIEFING NOTE

25 July 2025

Purpose

To brief the Federal Treasury in advance of the ACT Economic Roundtable (w/c 11 August 2025) by Masters Builders ACT via the Canberra Business Chamber.

Master Builders ACT has politely requested to attend the Roundtable via David Smith MP.

Economic Background

Building and construction is a cornerstone of the ACT economy, responsible for delivering on the ACT's National Housing Accord targets.

The industry has experienced an 18% productivity decline over the past decade, driven by rising costs, planning delays, regulatory burden, the Construction Code, and industrial complexity.

Since the COVID-19 pandemic, the average cost of building a home has risen by 44.1 per cent.

Master Builders ACT is the largest industry representative body in the ACT and surrounding region, with more than 1,000 member businesses.

There is around \$4.13 b in total building activity with around 14,500 workers employed locally – an estimated 5% of the ACT workforce.

Master Builders ACT are also Canberra's leading construction training provider, with a strong commitment and specialist expertise and capability in building and construction workforce development refined over the last 56 years.

We training 170 carpentry apprentices per year – investing industry's money to directly to address skills shortages; and deliver short courses to over 10,000 construction workers and secondary school students annually.

The Big Opportunity or Idea

It is necessary here in Canberra to restructure our productivity settings to better reflect the unique nature of the ACT and region and create a true cross border economic zone.

This would boost housing supply and affordability as well as ease labour costs and availability for any sized project, especially major and mega projects.

Critical Proposals for the ACT Economic Roundtable

Master Builders ACT has seven specific, deliverable and measurables to contribute to ACT Economic Roundtable.

Proposal One: Building regulation is practical, nationally consistent and free.

Background: ACT implements the National Construction Code (NCC) earlier than all other jurisdictions.

The implementation of NCC 2022 has led to a range of increased costs and complexity, driving up prices and leading to unintended consumer outcome.

NCC also references many Standards which are available on a fee basis.

Reform in brief: MBA ACT recommends that the NCC needs a full review, whereby the ACT implements any future versions in conjunction with all other jurisdictions implementation processes.

Any building and construction standard that is a compliance requirement should be available to the industry for free.

Rationale:

- 7-star rating and livability standards have added a baseline cost estimated to be \$30,000 for individual stand-alone houses.
- Any compliance requirement should be free for anyone required to comply with it.

Economic Reform Alignment: National Housing Accord; regulation and red tape; housing supply and affordability, skilled and adaptable workforce, dynamic and resilience economy, design/approval processes.

Proposal Two: Move fee-free TAFE to a partnership model in the ACT to enable industry to deliver sector demand

Background: ACT is experiencing a severe labour shortage (qualified and non-qualified) in all 26 construction trades.

It is noted that the Federal government currently funds all government-supported construction apprenticeships through CIT in the ACT.

With a persistent skills shortage across the construction trades, this single-provider model is no longer fit for purpose or can deliver the required capability and capacity needed.

Reform in Brief: The government must diversify its investment to include reputable, industry-aligned RTOs like Master Builders ACT, which have a proven track record in high-completion rates, workforce-ready graduates, and strong employer partnerships. A competitive training market improves delivery quality, fosters innovation, and supports faster responsiveness to evolving industry needs.

A holistic model would be to have MBA Training arm of the ACT government in partnership with their deliverable building and construction (and housing and major projects) goals.

Evidence:

- MBA Training is already training over 170 carpentry apprentices per year, and delivers short courses to 10,000+ construction workers and students annually. Despite this, MBA

Training receives considerably less public funding support for apprenticeships, placing unnecessary financial strain on both the MBA and employers trying to grow the local workforce.

- By extending FEE-FREE or equivalent funding access to non-TAFE providers that meet quality and governance standards, the ACT Government can rapidly expand its training reach and improve completion rates across priority trades.
- There is an unfair playing field between state owned 'techs' and private VET providers through a deferent funding model (funding on completion vs sign up/ placement). This means CIT receives funding for non-completions whereas MBA Training and other private VET providers cover the cost of the drop out out of pocket. With only 3 in every 10 apprentices completing, this is an extraordinarily high cost.
- Construction employers in the ACT and supporting market research consistently express preference for MBA Training due to its industry-tailored curriculum, practical delivery model, and strong employment outcomes.
- Restricting funding to TAFE limits employer choice and slows progress towards National Housing Accord workforce targets.

Economic Reform Alignment: Skills reform, National Housing Accord, competition law; skilled and adaptable workforce

Proposal Three: Procurement for the ACT and Federal Governments is restructured to support sovereign and local capability.

Background: Federal and local Government procurement and decision making processes across all sectors must be restructured so it favors sovereign and local capability.

Reform in brief: A review of Federal and ACT procurement so it must:

1. Consider seed funded procurement opportunities so local businesses can successfully participate and increase the workforce's capability.
2. Consider local capability tests on a tiered basis by project scale.
3. Introduce requirements for local JVs for large and/or sophisticated tenders including a reporting obligation on local business participation in the JV.
4. Demerit system for tenderers who establish a presence only for the purpose of winning tenders.
5. Review union preferred clauses under the Secure Local Jobs Code where Federal funding is contributed as per *Breaking Building Bad*.

Please note:

- This is not sector specific e.g. projects, defence.
- We recognize the need in specialist projects to draw on international expertise.

Evidence:

- Examples of projects being led by multinational corporations in the ACT:
 - Light Rail Stage 2A - \$1.5b
 - Icon Water LMWQCC Upgrades - \$500m
 - Comm Ave Strengthening - \$140m
 - Scrivener Dam Strengthening - \$40m

- Examples of projects being led by multinational corporations across the ACT and regions:
 - Snowy 2.0 - WeBuild (Italian company) - \$12b
 - RRJV Defence Upgrades - CPB/Downer JV - \$2b
 - Hume Link East and West - \$5b
 - Inland Rail - \$31.4b

Economic Reform Alignment: Sovereign capability and resilience, local capability, benefits returned to Canberrans & regions, skilled and adaptable workforce, dynamic and resilience economy.

Proposal Four: Establish a Cross Border Economic Zone

Background: ACT and NSW should work collaboratively to ensure improved productivity outcomes given their layered ties on areas such as:

- Consistent regulation, such as the National Construction Code.
- Consistent fees and charges e.g. commercial and industrial rates so the zone remains competitive.
- National building and trades licensing – standardized training, fees and capability.
- Ability to transfer apprenticeships between TAFES and private VET providers across the border – for example, approximately at least 10 apprentices per year transfer to the NSW system, where there is no practicable reason on why they should not be able to continue to work and learn in the ACT.
- ACT-based RTOs are currently prohibited from delivering funded training to NSW residents (smart and skilled), despite Canberra servicing a large cross-border workforce. MBA Training is required to hire venues in Queanbeyan to train NSW students in license tickets, creating unnecessary duplication, cost, and inefficiency.
- A cross-border training agreement is urgently needed to allow ACT-based providers to train NSW students, and vice versa, reflecting the reality of the ACT's integrated regional economy.

Reform in brief: There needs to be a true cross-border economic zone established between the ACT and NSW in order to power the ACT economic and deliver the necessary productivity increases.

Evidence: Increased exodus of building and construction businesses and workers to be across the border.

Economic Reform Alignment: Regulation and red tape, skilled and adaptable workforce, cross border funding agreement, dynamic and resilience economy, standardized licensing.

Proposal Five: Construction Tax Reform

Background: Phase out stamp duty related to homes and insurances within the ACT; LVC needs reform as it is significantly undermining current and future project viability, especially for small builder developers. Standardisation of fees and taxes related to building & construction & licensing between ACT & NSW.

Reform in brief: Review and phase out stamp duties and LVC.

Evidence:

- 40% of all new builds in Australia and the ACT are related to government fees and charges and these amounts are increasing in excess of WPI.
- Benefits of phase out of stamp duties have been tabled in approximately 25 significant reports/reviews since 1975.
- Impacts of LVC on housing viability in well located areas are considerable for example:

Dual Occupancy – build of second house on block

In 2024 LVC: \$82,500 per dwelling (already an eye-watering figure)

In 2025 LVC: \$181,250 per dwelling

Increase – \$100k in 12 months

Small Townhouses – amalgamation of blocks

In 2024 LVC: \$330,000

In 2025 LVC: \$770,000

Increase – \$440,000 in 12 months

Economic Reform Alignment: Economic growth, dynamic and resilience economy

Proposal 6: ACT's role in Modern Methods of Construction

Background: MMC is expected to be a faster way of delivering new buildings, by maximising the efficiency of construction, material and labour.

- Significant difference in method of working compared to traditional 'bricks and mortar' methods of construction.
- Construction to occur in a factory setting instead of onsite including the sourcing of materials to use in the construction process. This will assist in quality control.
- Uptake of modern methods of construction has been viewed as poor, due to regulatory changes, lack of training and inadequate certification.
- Potentially could decrease labour shortages due construction location and methodology.

Reform in Brief: Establish a Centre for Excellence for MMC in ACT to deal with critical emerging issue. Ensure regulations are standardized between jurisdictions.

Economic Reform Alignment: Data and digital quality, National Housing Accord, Housing Supply and Affordability, Building Quality, dynamic and resilience economy, net zero

Proposal 7: Ensure workforce settings are fit for purpose

Background: Workforce Relations including worker compensation. Restrictions on workplace flexibility and unchecked disruption hampers productivity.

Reform in brief: While the broader productivity reform process should include workplace relations reform, if it is not to be included, it is encouraged that this review to consider the impact of the blanket exemption of industrial relations from competition law.

A range of changes should be made to the Competition and Consumer Act 2010 that would only apply to the building and construction industry. These changes should strengthen

provisions about cartel behaviour, better target secondary boycott behaviour, enterprise agreements are a contract, arrangement or understanding for the purposes of competition laws and give an industry-regulator powers necessary for enforcement.

Evidence: Regulatory burden has changed and grown over time, impacting contracting, insurance, planning and building approvals, workforce, building product inputs, building compliance and workplace health and safety regulatory oversight.

Productivity Reform Link or National Significance: Skills reform; competition law; skilled and adaptable workforce, labour, Vocational Training.

ENDS