



MASTER BUILDERS
AUSTRALIAN CAPITAL TERRITORY

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MASTER BUILDERS ACT

Federal Budget 2026-27 Summary



At a glance

On 12 May 2026, Treasurer Jim Chalmers released the fifth Budget of the Albanese Government and the first of this Parliamentary term.

The Budget forecasts ongoing deficits and economic uncertainty. However, despite these headwinds, the forecast is for continued economic growth, unemployment stabilised at 4.5 per cent and wages growth. Significant changes to energy and technology (particularly AI) are predicted to have an economic impact.

What changed

- The most substantial tax reform in more than a decade, with changes to negative gearing, capital gains tax, taxes and settings for discretionary trusts
- Stronger emphasis on savings and reprioritisation, particularly in the NDIS
- The fiscal position has improved slightly since the Mid-Year Economic and Fiscal Outlook delivered in December 2026

Why it matters

- The budget aims to reduce inflation pressure while still providing cost-of-living relief
- The tax reform has long-term structural implications, with changes to housing markets, investment behaviour, and income distribution
- The Government is continuing to aim for a 'repair and reform' framework

Who is affected

- Households will benefit from tax cuts and offsets
- First home buyers and renters will be impacted by changes to negative gearing and capital gains tax, which should improve housing affordability
- Investors and high-wealth individuals may need to change their investment mix due to changes to tax settings
- Business will benefit from the instant asset write-off becoming permanent and the changes to loss carry-back arrangements

Housing supply measures

The Australian Government has invested where it can in enabling infrastructure to speed up housing approvals, with a particular focus on environmental approvals. This should have the greatest impact in speeding up new estate development, and should assist the ACT Government to make faster decisions for future stages of the Light Rail, as well as development in the Western Edge.

- \$47.6 million over four years from 2026–27 to progress bilateral agreements with states and territories, to enable states to conduct assessments and approvals on the Commonwealth’s behalf, to reduce duplication and ensure more efficient processing of environmental approvals
- \$110 million over five years from 2026-27 for Defence Housing Australia to build housing for personnel deployed to Submarine Rotational Force
- \$2 billion over four years from 2026-27 for the Housing Support Program – Local Infrastructure Fund for local governments and utility providers to expedite housing enabling infrastructure
- \$56.4 million over four years for the Treasury to expand the Homes for Australia plan and a public campaign to inform taxpayers of changes to the tax system
- \$105.9 million over four years for DCCEEW and the National Environmental Protection Agency to modernise environmental information, data, and digital systems (including AI) to enable faster environmental approvals
- \$26.4 million over four years from 2026–27 for DCCEEW and NEPA to work with states and territories to develop new bioregional plans and strategic assessments, which will fast-track environmental approvals in priority areas including housing, critical minerals and renewable energy

ACT-specific spending measures

- \$50 million for Drake Brockman Drive
- \$50 million for the Canberra-Sydney rail link (matched with \$25m from the ACT Government and \$25m from the NSW Government)
- \$50 million under the ‘100,000 homes for First Home Buyers – Grant component’. This will fund direct construction as well as support for enabling infrastructure
- Funding for participating states for modular housing (allocations not yet determined)
- \$30 million for an RSPCA animal welfare campus in Pialligo
- Funding for States and Territories to implement bioregional plans and strategic assessments in priority areas

The population projections in the Budget are tracking slightly below the ACT Government’s projections estimates. This is likely to continue to have a negative impact on population-based distribution of funding in areas such as Health, Education and GST payments. It is a source of ongoing frustration for the ACT Government and Andrew Barr in particular.

Construction industry matters

- National Partnership payments for skills and workforce development to help RPL existing workers in the housing system, to be delivered by TAFE and other high-quality RTOs
- A reduction of nearly \$300 million in apprenticeship supports
- \$5.3 million to continue to support the CFMEU administration
- \$4.6 million to fast track accreditation of residential builders under the Work Health and Safety Accreditation Scheme (the Office of the Federal Safety Commissioner)
- \$42.7 million over four years from 2026–27 to provide ongoing grants to Standards Australia to provide free public read-only access to standards referenced in Commonwealth and state and territory legislation

There is no additional funding for apprenticeships and it is concerning to see a reduction in apprenticeship spending. The new funding in the skills portfolio is targeted towards existing employees, which may improve productivity but will not increase the workforce pipeline.

Public service

- Reduced spending on consultants, contractors and labour hire by \$2.7 billion
- The overall size of the Australian Public Service is set to increase by around 1,300
 - The Department of Climate Change, Energy, the Environment and Water will grow by around 700 ASL to staff the new National Environmental Protection Agency
 - Department of Defence set to grow by around 3,000
 - Departments that are losing ASL appear to not be losing substantial numbers

Other key changes

- The \$20,000 Instant Asset Write Off per asset for businesses with turnover below \$10 million is to be made permanent. This means you can claim an immediate tax deduction on certain business assets, instead of depreciating them over several years. Eligible assets under \$20,000 may include:
Equipment and machinery | Tools and trade equipment | Computers and business technology
Office equipment | Certain business vehicles | New and second-hand assets

Importantly, the \$20,000 limit applies per asset, not as a total yearly cap, meaning multiple purchases may qualify.

- Carry back losses: Businesses of less than \$1 billion in annual turnover can carry back losses suffered for up to two previous financial years. This means, for example, a company that incurs a tax loss in the year ended 30 June 2027 will be able to carry that loss back against taxable income earned in either of the 2025 or 2026 income years.

Timetables and next steps

These changes will apply this financial year. If there are changes or more information on a specific area, Master Builders ACT will communicate this to members.