



**LET'S  
BUILD**

2025 – 2026  
Pre-Budget Submission

# Housing Facts



**1.7M**

The housing industry built **1.7 million homes** over the last decade

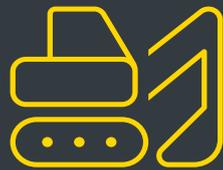
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**1.1M**

The industry creates **1.1 million jobs** annually

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**\$105B**

The industry generates **\$105 billion** in activity

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**1.3M**

The average cost of a house-and-land package in major cities is now **\$1.3 million**, making home ownership unattainable for many Australians.



## Housing must be a **priority**

Australia needs to build around 240,000 new homes per year, every year, to meet demand and put downward pressure on affordability but in the last 12 months under 180,000 were completed.

Not only is this shortfall driving up prices, worsening affordability, and placing enormous pressure on renters and families across the country but also means we are set to fall well below the Government's commitment to build 1.2 million homes over five years.

The average cost of a house and land package in our major cities is hitting an all-time high of around \$1.3 million. No wonder home ownership rates in Australia are plummeting with 36 percent of those under 30 owning a home compared to 50 percent 30 years ago.

It is now widely accepted that we are in a housing crisis we are simply not building enough homes to keep up with demand.

Housing must be a priority. Housing in all forms and types, across our cities and in our regions. Delivering more housing must drive the policy debate, including this Federal budget.

The measures outlined in this submission won't solve the housing crisis but will go some way to delivering appropriate settings that support a buoyant and productive residential building industry, one that can support the Australian dream of home ownership.

To make housing a priority this Federal budget the Government must take a long-term approach and:

- Address skill shortages
- Remove barriers to the supply of housing
- Establish financial settings that encourage home ownership



**1.3M**

The average cost of a house and land package in our major cities is hitting and all time high of around 1.3 million

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# Recommendations



## Addressing skill shortages

- Build our domestic workforce
- Reform and support skilled migration
- Promote trades as a career
- Focus on retention through supporting group training organisations
- Ensure the construction industry is an Industry of choice



## Removing barriers to the supply of housing

- Unlock land supply
- Cut the red, white and green tape that drives up housing costs
- Ensure reliable and accurate housing data
- Expand enabling infrastructure
- Support housing for regional Australia



## Establishing financial settings that encourage home ownership

- Boost home ownership
- Ease regulatory constraints on lending



## Addressing skill shortages

The residential building industry does not have the workforce capacity to deliver the number of homes Australia needs.

It is estimated that there are around 277,827 skilled construction trades workers in the residential building industry spread across the industry's twelve key trade occupations.

This workforce completed around 173,000 homes in 2023, during which time industry surveys continually revealed shortages of skilled construction trades workers.

Achieving the level of new home building activity needed to build the Federal Government's commitment of 1.2 million homes equates to a 39 per cent increase from the 2023 level.

To enable this level of home building, HIA estimates that the residential building industry trades workforce needs to increase by at least 30 per cent. This means the industry needs over 83,000 additional trades workers to achieve the Governments home building target.

### Build our domestic workforce

There are around 114,000 apprentices currently in training across the twelve key trades.

Creating training opportunities for Australian residents should be the preferred workforce development strategy though essentially doubling the number of apprentices in training is an implausible proposition.

The measures put in place to support apprentices retain employment throughout the pandemic disruptions successfully reduced the attrition rate. The apprenticeship wage subsidies also contributed to a substantial jump in the number of students undertaking trade training.

This approach was effective in motivating employers to hire apprentices.

To alleviate the structural shortages of skilled trades it is critical that the current level of employer subsidies to encourage more employers to take on apprentices and to support them through their apprenticeships is maintained. Equally a commitment to maintain and index these arrangements over the long term is critical for future planning.

### Recommendations:

- Increase and maintain over the long term the apprentice employer wage subsidy model (that includes a commencement and completion component) and index to CPI the financial contribution each year.
- Commit to and increase apprentice training support payments.
- The recently announced \$10,000 apprentice incentive be matched with a \$10,000 employer incentive to take on an apprentice to be paid over the course of the apprenticeship.
- To support the delivery of the Government's commitment to build 1.2 million homes over 5 years fund 80,000 fee free TAFE places for construction related qualifications.



## Reform the skilled migration system

While providing training opportunities that enable local workers to pursue a career in the industry should always be the priority, increasing the capacity of the workforce to a level that is capable of building 1.2 million homes over the next five years will require access to skilled labour from overseas.

Data shows just 3,644 workers on temporary skill shortage visas are currently working in these key trades. This equates to only 0.8 per cent of the workforce.

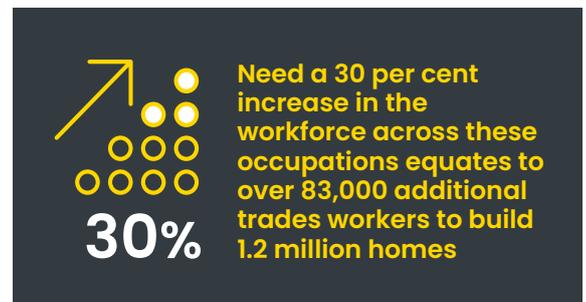
The residential building industry requires migration pathways that will enable the long-term structural shortage of workers to be addressed through permanent migration, and pathways that enable industry to recruit skilled workers for short periods to alleviate acute cyclical shortages.

While permanent and short-term visas are part of Australia's skilled migration program and the building trades that have been in the most acute shortages are included on lists of eligible occupations, there has been very little take up within the construction industry, particularly the residential building industry.

Several aspects of these visas render them impractical for use by residential building businesses.

### Recommendations

- Provide \$5 million over 2 years to fund industry associations implement an education and awareness program to support new skilled immigrants navigate the visa process including jurisdictional licensing and other regulatory requirements to enter the industry. Often these requirements are a significant barrier and limit the type of work that can be undertaken.
- Develop a streamlined and simplified visa program for in-demand trades including a commitment to fund the development of a construction trade contractor visa.





## Promote trades as a career

Working in the residential building industry, whether that be in a trade or off the tools must be promoted as a legitimate and rewarding career. There needs to be a concentrated effort to educate people on the benefits of a trade qualification and the broader opportunity the industry provides including one day running your own business.

The Federal Government play a key role in promoting the benefits of a career in the residential building industry.

### Recommendation

- Provide \$3 million to industry associations to develop workforce development campaigns specific to each of the construction trade occupations facing the greatest challenges. Specific campaigns should target mature aged workers, women and workers from culturally and linguistically diverse backgrounds.
- Commit to a further round of funding for the Building Women's Careers Program.

## Retention is critical

A key piece of addressing skills shortages includes improved apprenticeship retention to combat current high drop-out rates. This can be through industry-based mentoring, including the support provided by group training organisations (GTOs), where pastoral care is a key aspect. Mentors can offer support and guidance to young people entering the workforce.

Completion rates are much better for apprentices engaged through GTOs and with consistently high dropout rates within the first 2 years of an apprenticeship, GTO's must be directly supported through financial investment.

These arrangements should be supported and encouraged through wage subsidies directed towards the GTO. Equally, completion rates are often better for mature aged apprentices. Those entering a trade over the age of 21 should be encouraged into the industry, however higher wages act as a significant disincentive to their engagement.

### Recommendation

- Offer GTO's funding based on a percentage of an apprentice wages for the first, second and third year.
- Offer GTO's funding to cover the gap between junior and adult apprentice wages throughout the course of their apprenticeship.

## The construction industry must be an industry of choice

Promote the construction industry as an attractive industry for all workers by ensuring acceptable, safe and appropriate behaviour on construction sites.

Confidence must be restored to construction sites to attract the workers the industry desperately needs.

### Recommendation

- Provide at least \$70 million over 4 years to establish an industry specific regulator whose powers expand beyond industrial relations matters to deal with, for example:
  - 'menacing conduct' as identified by the CFMEU administrator,
  - anti-competitive conduct in breach of the Competition and Consumer Act (CCA), and
  - other illegal activity.
- Continue to fund the National Construction Industry Forum.



# Removing barriers to the supply of housing

## Unlock land supply through planning reform

The adequate supply of developable land is crucial to driving the delivery of housing.

To further drive reform of state and territory planning system and support the reforms outlined in the National Planning Reform Blueprint, a first of its kind national Planning Agency bringing together Commonwealth, state and territory governments and industry should be established. The body would set harmonised national 'model standards' for planning and land release. It would also set standards for data and definitions, as well as collect and report data at a national level.

Another critical task would include reducing variations and promoting consistency among jurisdictions' planning systems.

## Recommendations

- Convene a national planning summit with key industry bodies to drive genuine and long-term planning reform.
- Fund the establishment of a new national body to drive comprehensive reform of the planning system and collect and report against land data at a national level.

**Australia needs to maintain housing supply at around 240,000 new dwellings per annum, year on year to meet demand and put downward pressures on affordability, we are currently building 180,000 home per year**





### Cut the red, white and green tape that drives up housing costs

The industry is overwhelmed by continual regulatory changes and the increasingly complex rules for building homes and running a business. More and more people are looking to leave the industry due to regulatory reform fatigue.

While all businesses are feeling this, small businesses in particular bear the brunt of increasing red, white and green tape. Every day these small businesses are inundated and overwhelmed by regulatory burdens and compliance obligations.

Investment in business to 'let business do business' is a key part of reducing the compliance burden, for example, new technologies and plant and equipment can mitigate the impact of regulatory compliance. The current instant asset write-off should be made permanent. This offers businesses confidence to invest and encourages longer-term planning by all business but particularly small businesses supporting continuous and sustainable business growth.

#### Recommendation

- Apply robust regulatory impact analysis that specifically considers the impact of regulatory changes on small business and considers regulatory offsets to counteract the impact of any proposed regulations.
- Establish a 'Housing Supply Minister' that has sole responsibility for approval for all policy areas affecting housing supply and affordability.
- Implement a comprehensive deregulation agenda that includes a moratorium on any new regulatory measures that would add to the cost of housing.
- To improve the quality and compliance of building work the top 10 referenced Australian Standards should be freely available. A feasibility study be commenced to improve accessibility to all Australian Standards.
- To support the work of the Australian Building Codes Board, the current Commonwealth funding commitment should be doubled, and a commitment made to increase and match funding from the states and territories be included in the review of the next Intergovernmental Agreement.
- Move to a five-year amendment cycle of the National Construction Code to deliver more certainty and stability about regulatory change and support greater industry education and innovation.
- Make the instant asset write off permanent and
  - Extend the threshold value for eligible depreciable assets under the instant asset write-off from \$20,000 to \$50,000.
  - For larger investments apply the instant asset write-off to the first \$50,000 and apply normal depreciation schedules to the remainder.



## Housing data

Underestimation of population growth is a systemic policy failure that compounds the challenge of delivering sufficient housing and boosting home ownership rates.

Measuring underlying housing demand is vital to ensure that housing policy decisions are accurately informed.

Government must invest nationally in housing data to make meaningful and well-informed decisions about housing supply.

### Recommendation

- Fund a national residential land planning council to provide monitoring and reporting of land supply and forecasts at all stages of the land supply pipeline.

## Expand enabling infrastructure funding

A lack of funding for essential enabling infrastructure, particularly the key 'last mile' enabling infrastructure is a handbrake on the supply of new housing.

How long it takes to deliver this infrastructure and who pays for it is critical in determining the ultimate land price. This has a significant flow on effect on housing affordability.

Currently these costs manifest as taxes and charges that may fall on developers, but ultimately, are passed on to the home buyer.

A plan to share responsibility for infrastructure funding across Government, existing users and developers is critical in the longer term to deliver more land for home building.

In the last two Budget's \$500 million and \$1 billion collectively have been committed to and this is now being rolled out with activation payments for new projects through Stage 1 and Stage 2, through the Housing Support program.

### Recommendation

- Provide an additional \$12 billion over 5 years to fund key enabling infrastructure to support residential development and get shovel ready land delivered faster.
- Ensure a balanced investment is directed towards supporting a growing population in regional Australia.
- Ensure infrastructure costs are equitably shared and not burdened only on those supplying new housing.
- Maintain and increase funding for the Housing Support Program.



## Housing for regional Australia

Regional Australia is now home to more than 8.5 million people and is growing.

While the regions provide so much such as affordability, a sense of community, fulfilling career options and green space, the dispersed population presents unique challenges.

404 Local Government Areas (LGA's) out of Australia's 554 are classed as being in regional Australia. Of that, 233 have a population of less than 10,000 people. These 233 represent under 3 per cent of Australia's population. By comparison the Brisbane LGA alone captures 3 per cent share of the population.

Not surprisingly, policy makers often focus attention on the higher concentration areas of the capital cities. But the shift away from the cities demands the need for a regional perspective on key decisions affecting housing.

Three key factors hampering the delivery of more housing in regional Australia are:

- access to shovel (build) ready land,
- lack of investment in necessary enabling infrastructure for new housing estates, and
- worker shortages in every key role in construction from onsite trades to regional council staff.

### Recommendation

- Enhance Regional Satellite Cities as 'regional hubs', prioritise investment and give them a 'seat at the table' on key policy decision making alongside National Cabinet.
- Increase government investment for regional housing in enabling infrastructure including water, sewerage, electricity, roads and other key services to supports new developments and get shovel (build) ready land delivered faster.
- Foster partnerships between the public sector and private developers.
- Simplify and speed up planning approvals and provide activation payments for unlocking underused land.
- Incentivise local government to meet housing targets.
- Provide incentives and targeted programs focussed on key in-demand workers in regional cities.
- Create Training and Skills Centre Hubs in regional satellite cities.



## Invest in innovation

Innovation plays a critical role in moving an economy forward and the sustainable development of the construction industry. Having often lagged in generating innovative solutions with appropriate investment, the industry has the capacity to lead the economy towards better ways of addressing liveable housing and sustainability.

However, often our regulatory requirements are slow to adapt and can present roadblocks to the adoption of new and more innovative forms of construction.

Add to this increasing regulatory obligations on manufacturers and suppliers which are creating an environment that is hindering greater productivity and innovation from this key sector.

### Recommendation

- Proactively support research and development into new and emerging technologies, specifically building technologies, that can facilitate greater efficiency in construction.
- Provide \$2 million in funding to create a Modern Methods of Construction Hub encompassing government, industry, and educational institutions to ensure necessary skills and technologies to meet future housing needs.

## Support the transition towards net zero

The global push towards net zero has inspired Government action focusing on a Future Made in Australia and the decarbonisation of the economy.

The construction industry and the building product manufacturing sector are key players that can be at the forefront of driving this transition. There is a need to develop targeted strategies to support Australian manufacturing and suppliers' to enable them to drive Australia's path forward and be the world leaders in the net zero transition.

### Recommendation

- Establish a 'Building Product Sector Transition Strategy' to support Australian manufacturers and suppliers in the net zero transition.
- Develop a workforce and labour strategy to support manufacturers and suppliers build and maintain their workforce.
- Establish a taskforce to work with manufacturers and supplies to provide future energy security.
- Facilitate direct engagement and coordination between Industry, Treasury, Housing and Energy Ministers and key residential construction industry stakeholders.



## Establishing financial settings that encourage home ownership

### Boost home ownership

Increasing home prices are a barrier to those trying to purchase a home, with the rate of home ownership in Australia declining, particularly amongst younger people.

Saving a deposit that meets the requirements of lenders, including the cost of upfront transaction taxes, is the biggest barrier to those aspiring to buy their own home.

Nationally, it takes around 5.6 years to save a deposit, a 14 per cent rise compared to 10 years ago, but this figure varies across different states. In New South Wales it is a daunting 6.5-year savings period.

This is coupled with the median value of a property in capital cities nationally of \$840,000 and in regional areas of \$635,000. For Sydney the median value is \$1,450,000 and in Melbourne \$870,000.

The uptake of Government initiatives that support eligible homeowners such as the Home Guarantee Scheme, Help-to-Buy and the First Home Super Saver Scheme show just how in need the community is for support to buy their first home. These programs must be maintained, simplified and expanded.

Equally, government support for the supply of social and affordable housing is also a key piece of the housing supply puzzle. The Housing Australia Future Fund (HAFF) is a strong mechanism through which to deliver these social and affordable homes.

This commitment must however become a mainstay public policy setting, a 5-year window within which to deliver on the housing target is inadequate in the face of the current housing crisis. Further, the Fund does not appear to have factored in increasing construction costs which will inevitably erode the ability of the HAFF to deliver.



Policy options should also be expanded to enable Australians to use their superannuation to assist with purchasing a home that would in turn improve retirement outcomes.

Home ownership is the most important form of security in retirement. Superannuation is not working at its best if an individual is using super to rent in their retirement.

This could include superannuation being eligible as collateral for a home loan and investigating the feasibility of superannuation-based shared equity scheme.

A review of other comparable countries approaches to housing support measures should be conducted with a view to innovative housing support solutions, including co-mortgaging, build-to-rent-to-buy and rent-to-buy.

### Recommendation

- Triple the investment in the Housing Australia Future Fund to boost supply of social, community and affordable housing for delivery over the long term.
- The Home Guarantee Scheme, Help-to-Buy Scheme, First Home Super Saver Scheme and similar programs must be expanded and simplified.
- Superannuation must be available to assist people secure a home deposit and home loan, by for example enabling conditional access to superannuation savings utilised as collateral for a home loan or as part of a of superannuation-based shared equity scheme.
- Provide a further \$2 billion payment to states and territories through the Social Housing Accelerator to continue supporting a permanent increase in the stock of social housing.

## Ease regulatory constraints on lending

The impact of ongoing financial regulations is exacerbating the challenges facing first home buyers.

The banks have been forced to eliminate much of the flexibility and competition in the mortgage market that made home ownership accessible for households of variable credit quality, such as first home buyers.

Banks should be making the decision on who is able to service a mortgage, not the Australian Government. Banks are well placed to make this assessment and are protected from delinquency through mortgage insurance.

### Recommendation

- Remove the restrictions on lending that has reduced competition among banks and often limits lending only to those that already own a home.
  - APRA to support a target band of residential mortgage arrears rate of 2–3 per cent.
- Focus on a regulatory system that encourages the financial system to support the needs of the Australian people, particularly first home buyers.
  - Appoint an independent Board to provide oversight to the financial regulatory framework implemented by APRA and ASIC, similar to the RBA governance board.
  - Initiate a review of the adverse impacts and effectiveness of macroprudential regulations introduced since 2008.
- Offer flexible financial arrangements that serve the needs of both home buyers and home builders.
- Emphasise the part our financial institutions play to support borrowers, business and improve the housing crisis.





# LET'S BUILD

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