



**MASTER
BUILDERS**
VICTORIA

Building a sustainable and modern Victoria

Master Builders Victoria 2022-23 State Budget Submission

Contents

Overview of MBV	3
CEO overview	4
Building sustainable businesses	5
Modernising Victoria's regulatory framework	8
Building a better future	10
Growing infrastructure investment	12
Housing affordability	14

Overview of MBV

Master Builders Victoria (MBV) represents approximately 6500 stakeholders from across the building and construction industry. These include large and small builders, tradespeople across the domestic and commercial sector, apprentices, suppliers and manufacturers.

MBV is Public Company Limited by Guarantee, a Registered Training Organisation (RTO) and a Registered Organisation (RO). As an RO, our member elections are conducted by the Australian Electoral Commission, which ensures legitimate representation from the diverse sectors within our Industry.

With more than 145 years of experience, MBV continues to deliver meaningful industry representation through effective engagement and feedback from our Board and Council of Management, committees and members more broadly. MBV is committed to delivering improved practices across the building and construction industry to promote a better-built environment for all Victorians.

MBV acknowledges the traditional owners of the land and pay our respect to past, present and emerging Elders.

Authorised by MBV CEO Rebecca Casson.



Our purpose

Master Builders Victoria: Empowering people to build a better future.

Our vision

Master Builders Victoria leads a future-ready industry that builds a better world.

Our values

- Members first – all the time, every time.
- Brave enough to be different.
- Do the right thing, even when no one is watching.
- Always find another way.

Please direct all media enquiries to Master Builders Victoria Media Manager, Andrew Jefferson 0409 985 428.

CEO overview



On behalf of MBV, I am pleased to deliver this submission for the upcoming 2022-23 Victorian State Budget. In making this submission, I also take the opportunity to highlight the value that the building and construction industry contributes to the State economy.

Our sector is one of the most important to the State's economy, being the largest full-time employer and enabling the Victorian Government to deliver on important infrastructure and transport commitments. Our industry delivers housing, parks, schools, hospitals, and other important amenities for the liveability of all Victorians, critical to our community's wellbeing and the State's future prosperity.

Despite the impacts of the COVID-19 pandemic, building and construction remains a large part of the State's economy. When local government tax is included, it accounts for over 57% of the state's tax revenue. The value of building and construction work done in 2020-21 accounted for 12 per cent of the State's Gross State Product. We also know that every \$1 million worth of residential building activity generates a total of almost \$3 million in economic activity, and nine full-time jobs are supported across the economy.

Throughout the COVID-19 pandemic, the building and construction sector has been more fortunate than most to remain, for the most part, open – despite the many restrictions imposed upon it. Small business and sole traders comprise a very large proportion of our industry. Many were severely impacted by the inability to carry out work on occupied premises or secure new projects because display homes were not open in areas of lockdowns. In particular, the renovation sector was not permitted to work for 145 days over the past 18 months but has continued to experience high consumer demand. This sector is worth close to \$3 billion to the Victorian economy. It will continue to play a key part in

our State's COVID-19 recovery, provided these businesses are supported post-COVID.

MBV is committed to the success of our regional members and, as a result of our COVID-19 advocacy, many of our members based in regional Victoria were largely permitted to continue operating. The importance of cohesion and collaboration in Victoria's Border communities, such as Wodonga/Albury, became even more evident through the COVID-19 pandemic. MBV worked to navigate the issues impacting the building and construction industry in many of these areas and, in turn, our regional Victoria members supported the whole Victorian economy.

Victoria has invested heavily in infrastructure. It will need to continue this effort as our community works together to navigate its way out of the COVID-19 pandemic and rebuild Melbourne into the global city of opportunity and choice.

This document is the result of extensive research by MBV and consultation with our members.

It highlights the need for the building and construction industry to remain the backbone of our State's economy. The areas our submission covers are:

- Building sustainable businesses
- Modernising Victoria's regulatory framework
- Building a better future
- Growing infrastructure investment
- Housing affordability

Throughout the COVID-19 pandemic, the building and construction industry demonstrated its COVIDSafe commitment to the community of Victoria. Through this submission, we have identified 25 priorities that will help to ensure it can steadfastly remain the cornerstone of our State's post-COVID economic recovery.

Rebecca Casson – CEO, Master Builders Victoria

Building sustainable businesses

Reducing pressure on Industry – supply shortages

Supply and skill shortages are two current issues for our Industry that impact building and construction, from apartments to residential housing and other infrastructure. We applaud the State Government for appointing the Commissioner for Better Regulation and Red Tape to investigate supply shortages in our Industry.

We understand that this report has been delivered to the State Government. Any recommendations should be acted on immediately to relieve pressure on the building and construction industry for the medium and long term.



Improving Mental Health in Building and Construction

During the COVID-19 pandemic, the building and construction industry has been feeling the pressure of supply and skill shortages, being unable to work at full capacity, experiencing delays in delivery of works for consumers and the increasing spectre of insolvencies as a result of these impacts.

Those working in the building and construction industry are over 50% more likely to take their own lives. Male building and construction workers aged 15-24 are more than twice as likely to take their own lives than the general population. Suicide in our Industry is a significant issue that requires an industry-led solution.

Claims involving mental injuries can lead to above-average time off work and higher than average claim costs. The introduction of provisional payments aims to provide earlier intervention.

WorkSafe has shown a desire to educate employers through their WorkWell program. MBV supports further prevention-focused initiatives to reduce future claims rather than managing an increased number of claims.

MBV is asking for:

- Investment into a specifically tailored response for the building and construction industry, including Mental Health and Wellbeing Officers similar to OHS or First Aid Officers on sites
- Mental Health First Aid training as part of apprenticeships and ongoing CPD training
- Changing the role and training of First Aid Officers to incorporate mental health

Supporting the future of our Industry

1. Train the teacher

There needs to be greater investment in teacher training for enterprise and Industry RTOs. MBV welcomes the introduction of the Certificate IV in TAE to the funded course list in 2022 and supports the removal of barriers to entry for those with extensive industry experience, including the upskilling requirements and more part-time study options.

2. Attraction to VET

a. Targeted Careers Pathways information

MBV understands the State Government has done quite a lot of work investing in career pathways for career advisors and students. The program, however, misses an opportunity and does not target Culturally and Linguistically Diverse (CALD) communities, especially parents of CALD students.

b. Non-traditional groups

MBV knows that attracting non-traditional groups to VET programs in building and construction, means ensuring the message is about making a great first choice and that apprenticeships or VET are not a fall-back option and that is seen as a valid alternative to university.

It showcases the opportunities across the entire building and construction life cycles, such as surveyors, engineers, architects, builders and trades. This campaign would focus on areas of particular need, such as surveyors and engineers and the gender imbalance in building and construction. Female participation in the building and construction industry remains below 12%, with full-time participation even lower at

less than 8%. Improving this unacceptable statistic is a shared objective of all industry stakeholders.

c. Recognising schools for supporting VET pathways, not just University pathways

Secondary schools are celebrated for student ATAR results and the number of students who study at university. MBV would like schools to be recognised for the number of students who take up an apprenticeship and complete a VCAL or ATAR pathway.

The attainment of a pre-apprenticeship can disadvantage students from finding an employer when they want to undertake an apprenticeship. For some students, moving to an apprenticeship pathway before 18 years of age is a valid and successful career pathway.

3. Immigration

The change to the visa occupation list in 2018, coupled with the population decline, has only exacerbated skill shortages in the building and construction industry. By the end of 2022, Victoria will have approximately one million fewer people in the population than forecasted. In light of this, we ask the State Government to:

- Review the visa occupation lists and reassess the categories to help strengthen the skill migration program and ensure it complements the domestic labour supply to ensure that Victoria has the right workers in industries and geographical locations to meet the market demand
- Review the Temporary Skill Visa framework and guidelines to increase the prospect of transition from temporary to permanent migration to stabilise the skills shortage.
- Lower the Skilling Australians Fund Migration Levy to make it more accessible for employers



Working towards gender equity

Work done by the Building Industry Consultative Council (BICC) has proven that our industry is open to change. Implementation of Victoria's Women in Construction Strategy and the Construction Industry Gender Equality Policy will guide businesses. Increasing the participation of women in building and construction impacts industry sustainability and innovation and positively influences the employment choices, financial stability, and wellbeing of many Victorian women.

To achieve gender equity, substantial changes to industry culture, practices, attitudes, and behaviours are necessary. These changes will only be realised through collaborative partnerships between Government, employers, employees, industry associations and unions. Increasing the potential pipeline of women wanting to work in building and construction requires a concerted, whole-of-industry approach in sourcing, attracting, training, and retaining women workers. To increase the diversity in building and construction, MBV asks for funding to ensure:

- A sector review to evaluate the areas of change needed in building and construction to encourage and support diversity in our industry
- An awareness program to support and encourage the building and construction industry to adopt changes identified in the review
- Support and guidance to assist teachers, parents, and the wider community in understanding the benefits of a career in building and construction
- Funding of industry programs that lead to real employment outcomes
- Funding for the Building Equality Policy implementation, compliance and monitoring

Building Surveyors Cadetships

There is a current shortage of Building Surveyors and Inspectors. They play a fundamental role as regulators for building and construction work to ensure safety and compliance for our built environment. This ongoing shortage has been highlighted as a concern in the Building Confidence Report and Building Systems Review with suggestions for the Government to consider incentives to support development, participation and supervised training schemes.

Building surveyors and inspectors require the Government's immediate support through funded cadetship programs within Local Government and the private sector.

Further funding must also be offered to training providers. The lack of training opportunities and suitable trainers further impacts the success of this profession. Without building surveyors and inspectors, there will be little oversight and compliance for the industry to protect consumers.



Modernising Victoria's regulatory framework

Minister for Building and Construction

Given the importance of the building and construction sector to the State's taxation revenue, we continue to advocate for a dedicated Minister to be appointed for our industry. A new building and construction industry Minister would oversee the sector and drive strategy and change for the benefit of all Victorians. The appointment of a dedicated Minister with specific responsibility for the functions and outcomes of the building and construction industry would highlight the size and importance of the sector more broadly. Through the COVID-19 pandemic, the building and construction industry appreciated the support provided by a multi-ministerial approach. However, given a precedent has been set with dedicated Ministers for Racing, Fishing and Boating but not a Minister for such a significant sector like the building and construction industry, this continued approach will hinder Victoria's post-pandemic recovery.

Well-resourced Regulator

MBV supports a pragmatic and transparent regulator for our Industry. Independent reports and the Building Systems Review indicate improvements are needed for robust, less red-tape regulatory oversight.

Government funding must be provided and sustained to ensure the Victorian Building Authority (VBA), as a regulator of our industry, can deliver the statement of expectations to ensure a safe and quality-built environment. MBV supports a well-funded and resourced regulator who works collaboratively with the sector to impact the built environment positively.



Free Australian Standards to increase compliance

There are approximately 150 immediate Australian Standards that are referenced in the National Construction Code (NCC). There are also secondary standards.

These documents are essential to our Industry as they set minimum benchmarks for compliance for the building work carried out by our Industry. The Australian Building Codes Board (ABCB), with the support of the Council of Australian Governments (COAG), made the NCC free. The ABCB indicate the NCC is now used more and has a broader audience since it has been made freely available. The increase in circulation of the NCC helps support our Industry to be across the latest changes to deliver quality and compliant building work.

We seek the Government's support to provide the necessary funds for similar arrangements with the Australian Standards, so they are free. We request a government initiative that promotes user access to ensure increased levels of education and compliance.

Improving Insurance for our industry

The Building Confidence Report and Building Systems Review prepared on behalf of the Commonwealth Government and State Government have identified the need to have the best available insurance for the building and construction industry.

Specifically, exclusions commonly found on Professional Indemnity (PI) Insurance policies in the building and construction industry remove the cover for all cladding related claims; however, cladding claims could relate to water ingress, expansion/shrinking, and aesthetic issues like peeling or fading. In addition, many PI policies available within the building and construction industry have a broader exclusion related to all non-compliant and non-conforming building products, severely limiting cover for any claims related to product specification/sign-off. Building practitioners and consumers are exposed to risk because insurers are reluctant to take on the unknown level of risk due to the limited regulation on building products and supplies.

We request that the State Government consider both funding and a framework for an improved insurance model to safeguard practitioners and consumers. Further discussions are being held in the National Cabinet to ensure suitable PI Insurance is available across all jurisdictions.



Building a better future

Energy efficiency

MBV recognises the impacts that the amount of energy used to run a home has on the environment. The State Government has indicated that it will pursue policies to deliver new homes that are comfortable to live in, cheap to run and climate-resilient.

There are also strategies for moving towards the production of zero-carbon homes and buildings (Trajectory for Low Energy Buildings 2018, COAG Energy Council) that will require an understanding of condensation management to address health and structural problems in our buildings.

While the NCC 2022 has proposed a minimum 7 Star NatHERS Rating for new homes, most existing homes have an average rating well below this. A program targeting the upgrade of the energy efficiency of the existing housing stock is also needed as 46% of the stock built before 2015 is expected to still be around in 2050. These programs will lead to more resilient buildings better able to withstand temperature increases, protect occupant health and reduce the costs on our hospital systems. For these strategies to be successful, appropriate funding is required to ensure:

- An awareness program for consumers to understand the benefits of a more comfortable, healthier home and how this might influence housing design
- Implementation of a quality assured program accompanied by incentives for consumers to encourage energy efficiency upgrades for existing housing that reward best practice compliance. These should cover thermal shell upgrades, energy-efficient appliances, windows and onsite renewables
- Upskilling of the building and construction industry that supports the development of Industry-led targeted training courses and encourages attendance, to deliver quality outcomes in the areas of energy efficiency, condensation management and zero carbon buildings



Investment into the circular economy for building and construction

The Building Product Assurance Framework for the building and construction industry is fragmented. This matter has been identified as a concern in the Building Confidence Report, and Building Systems Review prepared on behalf of the Commonwealth Government and State Government. Whilst some consider this a primary responsibility of the Commonwealth Government, MBV believes that the State Government has equal responsibility to address this matter to support the building and construction industry to deliver a better-built environment for the community.



The work of the Department of Environment, Land, Water and Planning (Recycling Victoria: a new economy 2020) and of the Australian Housing and Urban Research Institute (Inquiry into housing in a circular economy) has highlighted the important role of circular economy principles for the building and construction industry. Applying circular economy principles to our Industry processes is critical to reducing environmental impact and process inefficiencies as a resource-intensive industry. For our Industry to be able to implement circular economy principles, there must be investment supported by a framework that includes:

- MBV asks that the State Government set aside the necessary funding to develop a compulsory product certification system and introduce a searchable database of materials and their properties.
- Compulsory product certification will support the industry to make informed decisions at the design phase to ensure product compliance, environmental impacts, embodied energy, and the reuse of building materials.

Further funding is required for:

- Training across the industry - architects, designers, specifiers and builders
- Establishing a complete and local network of waste transfer and recycling facilities
- Developing markets for recycled and repurposed materials

Accessibility

MBV understands the State Government's position to support improving the level of housing stock that increases the standard of living for people with a disability or mobility impairments. These new requirements set a high benchmark for the building and construction industry that many Victorians do not necessarily need. MBV does not support the proposed mandatory inclusions at this point. We have concerns that the proposed legislative changes compromise the compliance of other provisions in the NCC, including waterproofing, weatherproofing, rising damp and cladding compliance. Ignoring these concerns are likely to generate defective work and pose risks to both industry and consumers. For this change to be successful, we ask that the State Government provides appropriate funding to assist consumers and our industry. The funding should be targeted to ensure:

- An awareness program is offered to consumers to understand what is expected from their design and why they need to pay for additional inclusions into their home
- Grants to be offered to consumers to offset the costs of the new standards
- Funding is provided for Industry upskilling by supporting the development of Industry-led, targeted training courses with quality outcomes

Growing infrastructure investment

Improved infrastructure vision

Continual investment is required to ensure that all greenfield estates have appropriate funding to ensure new suburbs have the necessary infrastructure to deliver quality services for their communities.

Regional Victoria must receive adequate funding to ensure towns are vibrant and prosperous by having appropriate infrastructure, including roads, parkland, sporting, industrial and business precincts, schools and community centres that offer communities a sense of belonging and promote job growth. Improving regional centres will further remove the community's immediate need to travel to metro Melbourne. It will help support work-life balance and the development of a sustainable community.

As Victoria's Infrastructure strategy 2021-2051 states, a government body must monitor infrastructure to deliver Victoria's new growth areas, prioritise urban renewal precincts, and proactively advise on delivery sequencing. Further investment is needed to improve outer metropolitan job precincts, which helps alleviate congestions from inner metropolitan roads and supports carbon reduction emissions from high volume traffic use on our motorways.

Funding in this space also drives positive change to the built environment and creates further growth with increased job opportunities.

Improved planning delivery

The Victorian Planning System is an integral tool to ensure future developments meet the needs of our communities and protect the long-term interests of our built environment for all Victorians. Whilst the current system may deliver successful outcomes for their intended objective, there are concerns that the process to obtain planning approval through Local Government is fragmented, making it difficult for those requiring permits to navigate and obtain on time.

MBV considers the need for the State Government to intervene and provide the necessary funding to expedite the digitisation of planning controls so that designers and planners can work with a codified planning system. Implementing a digital tool to assess compliance through the design process so applications are readily approved will be a good step forward. MBV recognises that a lot of work is being carried out to develop ePlanning and eApproval tools to improve compliance and process. However, we emphasise the importance of appropriate funding for the practical delivery of the much-needed improvements to the current inefficiencies through the planning permit process.

Building Resilience for all Victorians

Natural disasters associated with climate change are increasing. The consequences of these events, including bushfires, storms, and flooding, have shown a higher need for resilient buildings designed to survive these events. Many communities have been built in areas that are highly susceptible to climate change events. Communities are still learning and recovering from the impacts of bushfires and floods.

Investment for communities should include, and not be limited to, new and updated community centres designed and equipped to act as a place of refuge.

Further, subsidies for property owners should be considered so they can carry out upgrades to pre-existing homes that have not been designed or equipped to deal with bushfires, blackouts and storms, as a proactive scheme rather than a reaction to a climate change event.

Additionally, the Cross Border Commissioner plays a key role in assisting the Victorian community, especially in navigating natural disasters that span across borders.

The importance of cohesion and collaboration in Victoria's Border communities, such as Wodonga/Albury, became even more evident through the bushfires and COVID-19 pandemic.

MBV remains committed to the success of our regional Victoria members. We therefore support the valuable work undertaken by the Cross Border Commissioner and we request that the State Government considers an expanded funding model to further support it.



Housing Affordability

Incentives for urban densification and prioritising 'as-of-right' codification in the development of planning rules

As our State and international borders begin to re-open, Victoria must be prepared for the surge in population. Incentives for greater urban densification will play a crucial role in housing our State's growing population. High-density residential dwellings such as apartments, secondary dwellings and duplexes should be prioritised. Local Government should be required to set targets for the provision of greater supply options and be rewarded for good performance

Furthermore, there should be a greater expansion of the use of 'as-of-right' codified planning to fast-track planning approvals for non-contentious development like secondary dwellings and subdivisions to support urban densification.

Ensuring land availability for development

Urban densification remains a key long-term policy goal for MBV. The current growing housing demand due to the strong economic recovery means an adequate land supply is needed. Residential land is the most important ingredient of developing every new home. No other input to new housing production can have a massive effect on the price and eventual volume of new home supply. Releasing more land to meet growing demand will mean that land prices and new home prices can decrease.

Reports of land shortages in regional Victoria has placed greater urgency for the Victorian Planning Authority (VPA) to lead, develop and deliver a pipeline of state-led land releases across Victoria, with an initial focus on Wodonga, Geelong, Ballarat, and Bendigo.

We ask the State Government to take proactive steps to activate land by requesting the VPA to urgently lead, develop and deliver a pipeline of state-led releases across Victoria with an initial focus on the areas mentioned above.



Social Housing

State investment in social housing and the incentivisation of private investment in social housing can be used to generate activity in the building and construction industry quickly whilst addressing an area of need for Victoria's homeless. MBV commends the State Government for committing to build 12,000 social and affordable housing by 2024 through the \$5.4b Big Housing Build Initiative. However, research from the Australian Housing and Urban Research Institute (AHURI) highlights that Victoria will require a total of 166,000 affordable dwellings by 2036.

MBV encourages the State Government to look beyond the current 4-year commitment to developing social houses and open the tender process to support building more social housing into the next 20 years. A long-term commitment will create greater certainty for the building and construction industry. More guidance in the tendering process will allow

greater inclusivity for smaller contractors to be involved. More transparency and support in the tender process will mean that existing resources can be allocated more efficiently, allowing more businesses to benefit from this injection, particularly in regional areas.

Further, we believe the Government should:

- Purchase 'distressed assets' for use as social housing. In times of economic downturn, purchasing assets will address the shortage of social housing and support homeowners who may be forced to sell in a weak market. In the short term, this will create greater stimulation across multiple segments of the economy. Purchasing will also allow the State to own assets to appreciate in the medium to long term.
- Support build to rent as a long-term asset class, with financing support to create favourable subsidies and modified tax treatment to be financially viable.

Remove foreign surcharges on stamp duty and increase thresholds for the First Home Buyer stamp duty exemption and concession

High-density dwellings like apartments are important in accommodating a growing population. However, the latest industry forecasts have shown an expected reduction in the supply of high-density builds due to the COVID-19 induced reduction in foreign investment.

A further impediment to investment in the building and construction industry is the increased stamp duty on foreign investment. Reducing the increased stamp duty on foreign investment would temporarily attract much-needed investment in this sector. In conjunction with this, measures to increase home ownership for first home buyers would increase stimulus. MBV recommends increasing the property value thresholds for the First Home Buyer stamp duty exemption and concession in line with the rise in median dwelling prices.



Stamp duty should be eliminated in a 20 year-plan

MBV continues to advocate for the elimination of stamp duty tax, replacing it with a more broad-based land tax to encourage households to upsize and downsize, benefiting both home buyers and our economy. States such as NSW and ACT are in the process of switching away from stamp duty, and Victoria should follow suit. Victoria has the most to gain from removing stamp duty, with the tax costing our State's economy 0.34 per cent in lost state final demand each year compared to 0.26 per cent in NSW. Victoria should start taking steps to eliminate stamp duty in a 20-year plan, as modelled by ACT.

Independent Regulatory Oversight to prevent monopolistic behaviours

As already occurs in the case of other monopolistic markets like utilities, we believe that there is a role for regulatory oversight of Local Governments in certain areas such as developer contributions. The immobile nature of land and property makes it susceptible to being an easy tax grab. Research by the National Housing Finance and Investment Corporation (NHFIC) found that developer contributions in Victoria averaged from \$37,000 to \$77,000 per dwelling, increasing the costs of homes significantly, placing pressures on affordability.

The types of taxes imposed on housing throughout its creation need to be fully identified and investigated. Those taxes which have the most detrimental impacts on housing affordability should be immediately frozen to substantially reduce their burden over the long-term.

Improvement measures could include greater research and transparency in funds, better timeliness in contribution collecting, funding constraints and more efficient design and delivery. Local Government planning department fees and charges should also be capped in line with efficient cost targets and the quality of service provided to those paying the charges and fees.

Future regulatory changes that affect building and construction activity should be evaluated against the aggregate cost of all existing regulations rather than just the marginal cost, however small, of proposed new regulations.

At the same time, current taxation settings that support housing supply, such as those relating to negative gearing and the Capital Gains Tax discount, should be preserved.



Payroll tax relief for the building and construction Industry

MBV commends the State Government for providing relief on business taxes such as Coronavirus payroll tax relief during the pandemic. Businesses were able to defer their payroll tax payment to be paid until the 2021-22 financial year. However, the long-term economic effects of the pandemic will mean that the building and construction industry will still need further support to recover fully.

Fixed-price contracts, supply and trade shortages and related price and wage increases have created a higher risk of insolvencies for our Industry. Small to medium-sized builders who have delayed their payments in payroll tax will still have these costs to incur at the end of the financial year. A further deferral period for the payroll tax and partial relief in the form of a tax credit to use for future payments would bring support to Victorian businesses and reduce risks of insolvencies.

Further, Victorian businesses, who earn over \$700,000, currently pay 4.85 per cent of their total annual wage bill directly to the State Government. A lower tax rate of 1.2125 per cent applies to businesses in regional Victoria. Just before the pandemic, in 2018-19, the State Government received \$6.28 billion in payroll tax income, equivalent to a 22% share of all tax revenue in Victoria.

Payroll tax discourages businesses to employ more workers, providing more hours or paying higher wages to their employees. Since the pandemic, some payroll tax reliefs and exemptions have been available to support Victorian businesses. The pressures of price increases from supply and trade shortages and the nature of fixed-price contracts have left our Industry at higher risk of insolvency. Increasing the payroll tax exemption threshold from \$700,000 to \$2 million will provide much needed financial relief for the building and construction sector.

Windfall Gains Tax

MBV believes the new Windfall Gains Tax (WGT), along with further increases in stamp duty and land tax, will deter much-needed investment and development from fulfilling our growing population's demand for housing and stunting our State's economic recovery. As previously mentioned, the building and construction industry has one of the largest multiplier effects across all industries.

Windfall Gains tax should not compromise Victoria's ability to deliver a solid pipeline of new building and construction activity. MBV recommends the following:

- A reduction in the rate of WGT from 50 per cent
- A more expansive set of transitional arrangements to ensure all current rezoning activity is unaffected by the WGT
- A further delay in its introduction until at least 2024
- Hypothecation of WGT revenue to ensure it is invested directly back into the communities it is earned from, similar to our existing infrastructure contribution system
- Limiting the impact of the WGT in regional Victoria, where the tax is set to raise significant sums, harming housing affordability in regional cities
- Guaranteeing a legislative review of the WGT shortly after its implementation





MELBOURNE OFFICES

**Master Builders Victoria
(Head Office)**

332 Albert Street
East Melbourne VIC 3002

Phone: (03) 9411 4555

Email: info@mbav.com.au

**Building Leadership
Simulation Centre**

49 Brady Street
South Melbourne VIC 3205

Phone: (03) 9411 8000

Email: info@blsc.com.au

REGIONAL OFFICES

Ballarat

14 Albert Street, Sebastopol VIC 3356

Phone: (03) 9411 8050

Email: ballaratbs@mbav.com.au

Geelong

3 Melbourne Road, Drumcondra VIC 3215

Phone: (03) 9411 8050

Email: geelongbs@mbav.com.au

Wodonga

PO Box 700, Wodonga 3689
35 Hovell Street, Wodonga VIC 3690

Phone: (03) 9411 8070

Email: membershipadmin@mbav.com.au

MBAV.COM.AU