Submission to the Productivity Commission

Inquiry into housing supply regulation

Submitted by: Campbell Smith
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Thank you for the opportunity to make this submission.

My submission does not directly address the issues around regulation, as I believe regulatory “bottlenecks” are just one component of Australia’s inefficient housing production system.

My submission proposes an holistic solution that will result in an evolution of Australia’s housing production system into a national industrial base.

I believe my proposed solution will materially improve social, affordable and market housing supply.

I believe it will also create an enduring national industrial base that will be used by other “built form development and construction” procurers.

I also believe it will accelerate the adoption of innovation and improve the negative stigmas associated with the existing housing production system.

Please find attached my submission to the Senate Economics References Committee Social Housing inquiry and an associated attachment.

SUMMARY: From Housing Need to Housing Production Capability

The case for converting long term social housing need into bankable industrial demand

Australia's social housing shortage requires more homes to be produced.

But it may also provide an opportunity to address a second structural problem: Australia's capacity to produce housing at the scale and productivity required by current and future demand.

This submission does not claim that industrialised construction is a standalone solution to Australia's housing crisis.

It is not.

Land, planning, finance, infrastructure, feasibility and market conditions remain critical.

Nor does the submission argue that every building should be identical, or that one construction technology should be selected by government.

The proposition is more fundamental.

Australia has a large, persistent and relatively predictable social housing requirement.

Modern housing production systems (MMC, Industrialised Construction, modular, prefab etc) require long term, repeat and reliable demand to justify investment in productive capacity.

Government may be uniquely capable of converting the first into the second.

Australia's experience in continuous naval shipbuilding demonstrates a deliberate policy to create sufficient and continuous demand so that industry can invest in workforce, infrastructure and capability rather than being trapped in boom and bust cycles.

Australia's experience with the NBN demonstrates that government can establish a dedicated enterprise to coordinate a complex, capital intensive, national scale requirement and act as a single large scale procurer and operator while working through private supply chains and markets.

Together, these precedents suggest a proposition worthy of examination:

Could Australia organise its continuing social housing requirement in the same deliberate way that it has organised other strategically important national requirements, by creating the long term demand certainty and enterprise capability necessary for productive capacity to develop?

The answer may not be one new factory, one new technology or even one new government institution.

We should consider whether the existing project by project model is capable, on its own, of creating the industrial scale demand and coordinated production system required to meet Australia's social, affordable and market housing needs.

The accompanying paper's central model remains:

Upstream Integration → Anchor Industrial Demand → Configurable Product Platforms → Industrial Production Scale

The potential result is a reinforcing industrial cycle:

Long-Term Demand → Investment → Capacity Utilisation → Repetition → Learning → Productivity → Greater Housing Production Capacity

If Australia can establish that cycle, investment in social housing could potentially achieve two enduring outcomes:

1. more secure homes for Australians who need them; and
2. a stronger, more productive and more permanent national capability to produce housing.

Thank you for taking the time to read and consider my submission.

Please don't hesitate to contact me to discuss further or if you have questions.

Accompanying papers

Submission to the Senate Economics References Committee Inquiry into Social Housing 280826

The Anchor Customer: How government could turn housing need into bankable industrial demand evolving the built form enterprise to solve the social housing supply crisis 260826