



Submission to the Queensland Productivity Commission

June 2025

## A Community-Backed Call to Accelerate Modern Methods of Construction

### Introduction

Australia is facing a national housing crisis. The promise of affordable and secure housing has been broken—and it is impacting people across the spectrum: those experiencing homelessness, renters, and current or hopeful homeowners.

AMPLIFY's first national AMPLIFICATION on housing brought together a representative group of Australians to examine 13 expert-led reforms. The process delivered a strong, clear mandate: the housing crisis must be met with bold, system-wide responses, and the only lasting solution is to increase housing supply.

While support was high across all proposals, two reforms stood out: accelerating prefabricated and modular housing (referred to by participants as "fab prefab") and unlocking greater medium- and high-density housing. AMPLIFY is focused on progressing both, as part of a broader commitment to deliver on the community's mandate. Post-deliberation analysis and stakeholder engagement have also reinforced that construction costs are a critical barrier to reform. AMPLIFY will continue to provide independent insights on this issue.

This submission focuses on Modern Methods of Construction (MMC), which received overwhelming support during the deliberation, and outlines practical policy actions for the Queensland Government to support its uptake.

### National AMPLIFICATION on Housing

In February 2025, AMPLIFY convened Australia's first national deliberation on housing. A representative group of 100 Australians reviewed evidence and tested policy options to address the housing crisis. Participants assessed and debated 13 expert-led reforms, supported by experts as they discussed and deliberated. The most strongly supported reform was the adoption of **Modern Methods of Construction (MMC)** to deliver **fab, fast and fair homes**.

With 96% endorsement, the community identified MMC as a policy priority capable of improving construction productivity and accelerating housing delivery. Participants viewed prefabricated and modular methods as practical solutions—particularly in regional and greenfield contexts—if supported by appropriate regulatory and procurement settings.

This submission reflects that public consensus and urges the Queensland Government to adopt MMC as a core policy lever in its housing and construction productivity strategy.

## Community Insights from AMPLIFY's National Deliberation

*‘This [prefab] is a new form of building homes and is in my opinion a natural progression for the construction industry to follow, we are constantly upgrading systems to become more efficient and have greater output and this is exactly that. Not only that, but due to the increased productivity of homes it directly addresses the current need for housing supply and quickly. I think this reform is strong, practical, achievable, and evidence clearly shows it works in other countries and has done for a long time.’*

— Participant, 2025 AMPLIFY Housing Deliberation

Participants identified the following key benefits of MMC:

- Faster build times enabled by factory-based production
- Greater consistency and quality assurance
- Significant reductions in material waste
- Safer and more attractive jobs in controlled environments
- Suitability for regional and remote housing needs

They also identified structural barriers to adoption:

- **Inconsistent building codes across jurisdictions**, creating risk and deterring investment
- **Complex and fragmented approvals processes**, limiting scalability and slowing delivery

It is noted that **cost remains the most contested benefit** of MMC. Some modelling suggests potential savings of 10–20% through standardisation and economies of scale, particularly for greenfield and regional projects. However, this evidence is not conclusive and may not apply to complex urban infill. Accordingly, the policy rationale for MMC should prioritise productivity, speed, quality and workforce development over assumed cost reductions.

## Policy Context and Opportunity in Queensland

**The Queensland Government has shown early leadership in MMC, but should commit to a wider package of support to fully reap the productivity gains**

Queensland faces a housing supply shortfall of more than **52,000 homes** (2025) and is projected to grow by **2 million people** by 2046. Traditional construction methods are not delivering at the scale or pace required.

The Queensland Government has already shown leadership in this space by establishing QBuild's MMC program. We welcome the commitment to build 600 new modular dwellings to support the faster roll out of social and key worker homes by the end of 2025, and the work done to expedite council approvals for development.

MMC offers a practical complement to existing delivery models. Queensland is well positioned to lead in this space due to:

- Existing prefab and modular capability in SEQ and Townsville
- Availability of industrial land for scaled production
- Regional demand for rapidly deployable housing
- Early initiatives such as QBuild's MMC program
- Queensland Government approving development in certain situations

With the right policy settings, Queensland can serve as a national model for MMC integration.

## Policy Recommendations

To support MMC as a driver of productivity and housing delivery, the Queensland Government should consider the following actions:

### *1. Enabling Regulatory Environment*

- Streamline planning and approvals for prefab and modular housing
- Modernise and harmonise building codes with the National Construction Code
- Address insurance and contracting barriers for MMC providers and homebuyers

### *2. Seed Innovation*

- Invest further in demonstration projects to support skills transfer among existing builders
- Align MMC with the state's advanced manufacturing strategy
- Showcase MMC in all parts of the state to build market confidence

### 3. Maximise Public Investment Outcomes

- Apply strategic procurement principles that enable MMC uptake
- Provide pipeline certainty for large-scale MMC delivery
- Adapt procurement processes and timelines to modular production cycles

### 4. Invest in Workforce Development

- Create MMC-specific micro-credentials and micro-skills
- Embed MMC content into vocational and apprenticeship training
- Promote careers in MMC, especially in regional areas facing workforce shortages

## Conclusion

Modern Methods of Construction are not a complete solution, but they offer credible, scalable contributions to improved productivity, faster housing delivery, and new workforce pathways. Support from the public is clear. Realising this potential depends on a coordinated policy response.

AMPLIFY urges the Queensland Productivity Commission to include MMC as a central element in its review of construction sector productivity and housing reform. We welcome the opportunity to present further evidence or work with the Commission to inform and engage the broader Queensland community.

### Contact:

Dr Rory Gallagher

Chief Policy and Research Officer

AMPLIFY

Rory.gallagher@amplifyaus.org

## References

1. National Housing Supply and Affordability Council, *State of the Housing System*, 2025
2. Queensland Government Statistician's Office, *Queensland Future Population Projections*, 2022.
3. Queensland Government Department of Housing and Public Works, *Increasing Social Housing Supply*, 2025
4. McKinsey & Co, *Modular construction: From projects to products*, 2019.

5. CRC for Low Carbon Living, *Waste minimisation in modular housing*, 2020.
6. EY-Parthenon, *Modern Methods of Construction: Australia's Opportunity*, 2021.