

How would Housing New Zealand buying 3000 Irish prefabs effect the New Zealand industry?

By Mike Fox, Easybuild Ltd

In October there were media reports (Sam Sachadeva; Stuff 13/10/2017) that Housing New Zealand were poised to order 3000 pre-fabricated homes worth around \$1 billion from the Irish company Fast-House.

I'm of the opinion that if Housing New Zealand carry through with this they will be selling the potential for the local market to build at-scale, down the proverbial. Not just for the foreseeable future, but quite possibly the indefinite future too.

In their defence Housing New Zealand will have been under immense political pressure to do something about the housing crisis, and quickly. They could be saying that no-one is building at that scale currently in New Zealand. So they had to look off shore. However, it's at least 50 years since an order for housing of this magnitude has been made available to the industry. So it is little wonder we are not building at-scale.

I checked out the technology and systems that Fast-House are using and there are providers that are using similar systems and methods here in New Zealand. Right here and right now. The only thing these New Zealand operators are missing is the invitation to scale-up to meet the demand, keeping jobs, building capability and investing in New Zealand.

It's a no brainer that with a work stream like this, New Zealand operators could build the capability into a viable industry that could then export houses. Why on earth would we feather the beds of the Irish who may even be getting export subsidies from their own government to keep prices down and build their own industries capacity.

Housing New Zealand's previous procurement process was to order small numbers of homes from lots of different suppliers, at the cheapest possible price. The pipeline was never any further than 12 months out and there were no guarantees of continuous work. As a result, our builders remain small and nimble as they endeavour to cope with fluctuating workloads, unable to invest in technology or scale.

As the country's biggest housing provider, Housing New Zealand have the ability to influence the development of Kiwi firms to be able to build modular homes at-scale. This once in a generation opportunity for the New Zealand industry to scale-up and provide social and affordable homes for deserving Kiwis, will be lost if Housing New Zealand proceed with a plan to contract with Fast-House.

Unfortunately, I feel the construction industry will passively watch an opportunity like this be squandered away. Builders are too polite, and despite being a hardy bunch, are disappointingly soft at pushing back at the raw deals they've had dumped on them.

This is a golden chance for the new government to partner with our industry and walk the talk, get runs on the board, and make a difference. Let's hope they can deliver on the rhetoric and see how important it is for New Zealand to have the ongoing ability to house itself.