

ESTIMATES COMMITTEE
Question Taken on Notice

Question Number: 5-1

Date: 13/06/2019

From: Mr Gary Higgins

To: Hon. Gerald McCarthy

Portfolio: Local Government, Housing & Community Development

Agency: Local Government,
Housing & Community Development

Subject: Remote Housing Review

QUESTION

Can I get a copy or be pointed to a copy of the expert review?

ESTIMATES COMMITTEE
Answer to Question Taken on Notice

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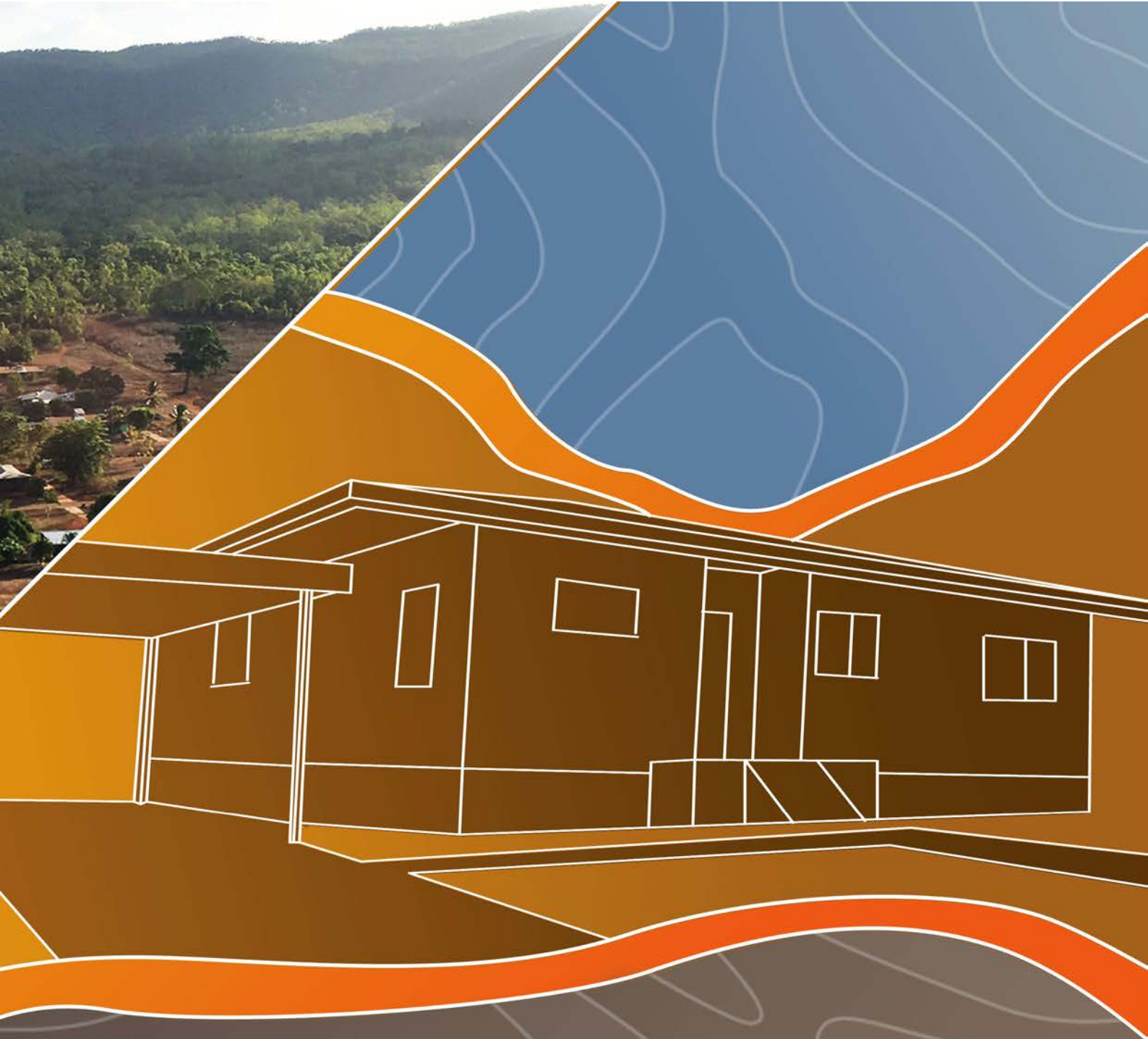
Portfolio: Local Government, Housing & Community Development

Agency: Local Government,
Housing & Community Development

Subject: Remote Housing Review

ANSWER

See attached



REMOTE HOUSING REVIEW

A review of the National Partnership Agreement on
Remote Indigenous Housing and the Remote
Housing Strategy (2008-2018)

Artwork by Ashlee Burns who is a proud descendant of the Gunggandji and Kuku Djungan people.

'The artwork was influenced strongly by the nature and land of Australia. The curved parallel lines, also known as stratum, were inspired by sedimentary layers of rock that can be found deep within the earth.

All the colours used throughout are representative of the beautiful Australian landscape and the diversity of the earth found across our nation.

The use of a stratum lines is meant to represent the many layers found within Aboriginal and Torres Strait Islander history. While the blue symbolises oceans and rivers, the green, orange and the yellow represents the land. Together these elements encapsulate all the differing communities of Australia.'

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Executive summary

Safe, clean and secure housing is fundamental to the wellbeing of all Australians and is a key element of the Commonwealth Government's priority of Closing the Gap on the significant disadvantage that Aboriginal and Torres Strait Islander people often face in terms of health, education and employment.

In 2008 the Council of Australian Governments (COAG) agreed the \$5.4 billion National Partnership Agreement for Remote Indigenous Housing (NPARIH), which was replaced by the Remote Housing Strategy (the Strategy) in 2016, and a set of objectives which aimed to reduce significant overcrowding, poor housing conditions and severe housing shortages.

This Review has been established to assess the outcomes of the NPARIH and the Strategy and in doing so has examined the state of remote Indigenous housing across Australia.

The Review Panel (the Panel) has inspected housing and talked with tenants and community leaders in remote communities across Australia, while also examining a wide range of available data. The Panel has identified significant progress in the provision of remote housing, but also a range of ongoing issues that must be addressed in order to reduce the continuing unacceptable levels of overcrowding and to sustain the reasonable housing quality achieved for a large number of Aboriginal and Torres Strait Islander families.

Good progress has been made against the Strategy's objectives

By 2018, the Strategy will have **delivered over 11,500 more liveable homes** in remote Australia (around 4,000 new houses and 7,500 refurbishments).

This increase in supply is estimated to have led to a **significant decrease in the proportion of overcrowded households** in remote and very remote areas, falling from 52.1 per cent in 2008 to 41.3 per cent in 2014-15.¹ The Panel projects this will fall further to 37.4 per cent by 2018.

The NPARIH introduced and increased its emphasis on systematic property and tenancy management with the Strategy's more recent focus on outcome payments to jurisdictions for more regular property inspections, improved maintenance plans, and the completion of repairs within agreed timeframes.

The Strategy targets to create job opportunities for Aboriginal and Torres Strait Islander people within the program have resulted in **many success stories around local employment, business and training**.

¹ Australian Bureau of Statistics, National Aboriginal and Torres Strait Islander Social Survey, 2014-15

All jurisdictions report Indigenous employment levels of at least 20-30 per cent in the program and innovative models are being implemented across jurisdictions – such as the Galiwin’ku slow and fast build approach to restoring housing after Cyclones Lam and Nathan, and the Queensland approach of working with local councils. **Local employment, especially in the area of repairs and maintenance, can improve housing program efficiency and effectiveness** and, if properly organised, **can support the core priority of delivering and maintaining quality housing.**

More needs to be done to meet future demand and to protect the existing housing stock

The Panel estimates, after accounting for population growth, an additional **5,500 homes are required by 2028 to reduce levels of overcrowding in remote areas to acceptable levels.** Half of the additional need is in the Northern Territory alone – a jurisdiction with the lowest capacity to meet this pressure.

The evidence is clear that houses deteriorate quickly without ongoing maintenance and repairs.² Having invested \$5.4 billion, the Panel considers **the first priority for governments has to be to protect their investments** and increase the longevity of houses **by maintaining the housing already delivered. The key is an increased emphasis on planned cyclic maintenance, with a focus on health related hardware and houses functioning.**

Progress on systematic property and tenancy management needs to be faster. All jurisdictions report they have annual inspections and maintenance programs, but members of communities visited by the Panel expressed frustration that problems are not fixed quickly enough. Houses visited by the Panel and evidence provided by jurisdictions during the consultations affirmed weaknesses in property and tenancy management.

Jurisdiction housing officials are caught between the greater housing and health gains of cyclic maintenance, the improved efficiency of batching repairs, and criticism from community members if they are not adequately reactive. The Panel understands the dilemma faced by housing managers but considers that **more effort to mobilise local workforces to do repairs and maintenance work could assist to better manage these competing priorities** and improve employment outcomes.

Under the Community Housing and Infrastructure Program (CHIP) the Fixing Houses for Better Health surveys found **that only nine per cent of household faults are caused by tenants. The misconception that Aboriginal and Torres Strait Islander families cause the majority of damage and deterioration to remote Indigenous housing needs to be corrected.** A focus on tenant education is important, but so too is delivering good quality and appropriate housing that meets building standards.

² PricewaterhouseCoopers (2007), *Living in the Sunburn Country: Findings of the Review of the Community Housing and Infrastructure Programme*, PWC, https://www.dss.gov.au/sites/default/files/documents/05_2012/livingsunburntcountry.pdf, page 41

There is room to **replicate good practice in tenancy management**, with incentives for households to look after their homes and more efficient utility consumption as well as other measures that support head tenants to maximise control of their home and preserve their own housing amenity. **Deep local engagement by public housing authorities and/or community management is needed to achieve these outcomes.**

The Review identified a number of issues in the development and implementation of the Strategy

The Strategy had some key implementation flaws. Most notably, **the Commonwealth was the sole funder. Jurisdictions lacked sufficient 'skin in the game' and hence the necessary incentive to drive efficiencies and improvements** which could have driven better outcomes for Aboriginal and Torres Strait Islander Australians and the Commonwealth.

In the Panel's view, the newly reformed Federal Financial Relations framework at that time, under which the original NPARIH agreement was negotiated and implemented, **hampered efforts to achieve greater transparency and accountability** about how money was being spent.

The **program was also complicated by multiple objectives, poor governance and constantly changing policy settings**. Both Commonwealth and jurisdiction officials consulted by the Panel noted the distractions caused by constant renegotiations to the agreement which, in the latter part of the Strategy's life, hampered efforts to focus on best practice.

A better program design would have focused on shared responsibility, longer planning cycles, best practice information sharing and better regional governance. This would have resulted in more local benefits. The Panel sees this as a failing of all governments, not just the Commonwealth or the jurisdictions; in fact as a sign of those times. Ironically, the **workarounds engaged in by officials to counter the limitations of the initial shortcomings in the Strategy have exacerbated some of these problems.**

As mentioned there are many local employment success stories arising from the Strategy. However, many communities voiced concerns that opportunities were not consistently available for local workers and **more time is needed to build capability to ensure local businesses benefit and long-term skills are attained.**

Unfortunately, the **two-year capital works cycles – a key feature of the Strategy – prevented long-term employment and business growth.** This could have been avoided if Commonwealth officials had been able to have better visibility of the program's implementation through the original NPARIH agreement. The Panel has concluded capital plans should be set for a minimum of five years. Longer term planning, coupled with procurement practices which support small emerging businesses, can provide greater opportunities for training and employment of local people.

Future programs should protect recent investment, address continued need and develop better structures for design, implementation and oversight

The Panel's analysis and findings has informed the following recommendations. Please note that these recommendations have been numbered for ease of use and are not in order of priority.

1. A recurrent program must be funded to maintain existing houses, preserve functionality and increase the life of housing assets.
2. Investment for an additional 5,500 houses by 2028 is needed to continue efforts on Closing the Gap on Indigenous Disadvantage.
3. The costs of a remote Indigenous housing program should be equally shared (50:50) between the Commonwealth and the jurisdictions.
4. A regional governance structure should be established to facilitate better administration of the program.
5. A higher level of transparency is required: a sound performance framework and information processes that are relevant to individuals and communities, and derivative of the information that is needed for regional governance of the program.
6. Best practice fora should be established to share information across the Commonwealth, jurisdictions, regional governance bodies and service providers .
7. A minimum five year rolling plan for the program should be established.
8. Regional sample surveys (using the survey and fix methodology of the Fixing Houses for Better Health program) must form a core part of the regional governance and monitoring strategy.
9. Details about certification of properties (at all stages of building and for life after acceptance and tenancing) should be reported to the governance structure to ensure construction in remote communities is compliant with the appropriate building and certification standards and sub-standard builders are eliminated.
10. The regional governance body should work with local employers to plan how to develop the local work force and create more local employment.
11. Comprehensive planning across government – involving local communities – is essential for the next remote Indigenous housing national program.
12. Tenancy education programs should be implemented. Outreach services for tenancy tribunals to improve access in remote communities should be funded.

Assessment of jurisdictions' performance against key objectives of the Strategy

Issue	Queensland	Western Australia	South Australia	Northern Territory
New builds*	1,144 (+0.26%)	841 (-16.90%)	256 (+6.22%)	1,504 (+3.30%)
Refurbishments*	1,490 (+22.53%)	1,742 (+35.25%)	330 (+60.19%)	2,929 (+42.74%)
Housing quality	Good: After some early challenges	Poor: Construction quality consistently reported to be poor	Good: Also well designed for communities	Good: With a strong focus now on housing resilience
Cyclical maintenance	Good: System is robust and working well	Poor: Repairs are taking too long to fix and there is no capacity for proactive works	Average: Some is in place. Rental arrears are extremely low but rent charges are also very low	Poor: Needs further effort. Starting to bundle works but little evidence of proactive maintenance
Community engagement, and employment and business initiatives	Good: Engagement with local councils resulting in strong local employment	Very limited: Short term, often menial local employment opportunities reported by communities	More work needed: On local employment and business but initiatives are being put in place to improve these outcomes	More work needed: To focus on local employment. This should improve with new longer term contracts and the Remote Jobs Contracting Policy

*Achievement against Strategy targets

1. Introduction

The Remote Housing Review (the Review) was commissioned in October 2016 by the Commonwealth Minister for Indigenous Affairs, Senator the Hon Nigel Scullion.

The Review examines the performance and outcomes of the National Partnership Agreement on Remote Indigenous Housing (NPARIH) and the Remote Housing Strategy (the Strategy), which followed it. Together they will invest \$5.4 billion of Commonwealth funding in remote Indigenous housing by 2018. Their aim is to address overcrowding, poor housing condition and severe housing shortage in remote Indigenous communities within 10 years to June 2018.

In this introduction chapter we start by outlining the history of Commonwealth investment in remote Indigenous housing. We then move on to identifying a number of lessons learned from these successive national programs. We set out the objectives under NPARIH and subsequently the Strategy, which were shaped by a number of these historic lessons.

Through this report we use ‘the Strategy’ as a less cumbersome way to refer to the combination of NPARIH and the Strategy, except where it is clear in the text that we are making a specific point about the NPARIH or revised Strategy signed in 2016.

1.1 Background

In 1967 the Australian Constitution was amended to give the Federal Parliament the power to make laws relating to Aboriginal and Torres Strait Islander people. The Commonwealth first provided funding for Indigenous housing programs in 1968. Over the 50 year period to 2018 it has invested a total of \$9.047 billion, more than half of which has been provided under the programs being evaluated in this Review.

Table 1.1– History of Commonwealth investment in Indigenous housing

Program	Year of investment	Funding investment
Ad hoc investment	1968-1972	\$10.4 million
Direct community grants (1972-1980) and jurisdiction grants (1980-1990), including the Town Camps Assistance Program <ul style="list-style-type: none"> Delivered by the Department of Aboriginal Affairs 	1972-1990	\$219.1 million
Community Housing and Infrastructure Program (CHIP)/Rental Accommodation Program <ul style="list-style-type: none"> Delivered by the Aboriginal Development Commission 	1980-1990	\$350.9 million
CHIP/National Aboriginal Health Strategy (NAHS) since 1992-93 Delivered by: <ul style="list-style-type: none"> Aboriginal and Torres Strait Islander Commission (ATSIC) (1990-2003) Aboriginal and Torres Strait Islander Services (ATSIS) (2003-2005) The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) (and predecessor departments) (2005-2007) 	1990-2007	\$2.210 billion
Australian Remote Indigenous Accommodation Program (ARIA)/Strategic Indigenous Housing and Infrastructure Program (SIHIP) <ul style="list-style-type: none"> Delivered by FaHCSIA 	2007-2009	\$780.1 million
NPARIH/Strategy Stronger Futures in the Northern Territory/National Partnership on Northern Territory Remote Aboriginal Investment (2012-2018) Delivered by: <ul style="list-style-type: none"> FaHCSIA (2008-2013) The Department of the Prime Minister and Cabinet (2013-current) 	2008-2018	\$5.477 billion
	Total	\$9.047 billion

1.1.1 Funding and responsibility for remote housing has not been clear

Australia's model of federation has resulted in unclear lines of responsibility for the delivery of Indigenous housing. The jurisdictions are responsible for the delivery and regulation of public housing, including for Aboriginal and Torres Strait Islander people. The Commonwealth has also, however, taken substantial responsibility due to the high proportion of Aboriginal and Torres Strait Islander people living in remote areas. In the Northern Territory, there has also been a significant backlog in remote Indigenous housing, more significant than in any other jurisdictions, which existed prior to self-government in 1978.

1.2 Policy change has been the norm

Since the 1960s there have been many changes to the policy settings underpinning remote Indigenous housing delivery. The NPARIH, and now the Strategy, are the latest programs in a policy area that has faced constant reform.

Nonetheless many lessons have been learned over time.

1.2.1 Lesson 1: Detailed planning of both housing and housing-related infrastructure is crucial

The Review of the Community Housing and Infrastructure Program (CHIP), which had ended in 2007, *Living in a Sunburnt Country (released in 2012)* identified many issues with the program. The report identified that an absence of regulation and enforcement of housing standards had resulted in poor construction of new houses, a lack of maintenance of existing housing and incidents of financial and operational mismanagement. The CHIP review also identified that a failure to collect and manage data around existing and new housing stock and housing-related infrastructure had contributed to poor planning and design.

Based on these findings, the report recommended public housing services for Aboriginal and Torres Strait Islander people should be facilitated by governments, rather than by the Indigenous Community Housing sector. It further determined that an audit of housing should be conducted to understand the location of the asset, state of disrepair and any infrastructure needs.³

1.2.2 Lesson 2: Cyclical maintenance is required to keep houses functional and people healthy

In 1999, governments funded a scaling up of what had previously been a small project in remote South Australia based on surveying the health hardware of homes, fixing small items and requiring a qualified tradesperson to return to fix major faults. The national Fixing Housing for Better Health program demonstrated 66 per cent of housing failures with health consequences could have been fixed by regular maintenance.⁴

1.2.3 Lesson 3: Housing in remote Indigenous communities should be of the same standard as housing in urban areas

In the work quoted above, a further 25 per cent of housing failures endangering health resulted from poor initial construction. As a result, in 1999, the Commonwealth Government invested in the

³ PricewaterhouseCoopers (2007), *Living in the Sunburnt Country: Findings of the Review of the Community Housing and Infrastructure Programme*, PWC, https://www.dss.gov.au/sites/default/files/documents/05_2012/livingsunburntcountry.pdf

⁴ T McPeake & P Pholeros, *Fixing houses for better health in remote communities*, National Housing Conference, 2005

development of the National Indigenous Housing Guide. The Guide supplements the Building Code of Australia, Australian Standards, and jurisdiction building acts and regulations as a resource to assist the design, construction and maintenance of housing for Aboriginal and Torres Strait Islander people.

1.2.4 Lesson 4: There are trade-offs between speed and cost of construction with local Indigenous employment and economic development, at least in the short term

The Strategic Indigenous Housing and Infrastructure Program (SIHIP) was the program response post CHIP. It was limited to the Northern Territory and set ambitious targets to resolve overcrowding. The program was eventually subsumed into the Strategy. For the Northern Territory, this also represented the first of many program renegotiations.

Following the SIHIP review of program performance, which found the program was slow to deliver housing and too costly (total cost and unit cost), the Northern Territory Government established three alliance consortia to deliver works. The aim of the alliance model was to speed up delivery and lower overall costs. The alliance consortia met construction targets and delivered cost efficiencies but, while employment targets were met, there is little evidence of ongoing local capacity building or employment benefits in the remote communities that received housing investment.⁵

1.2.5 Lesson 5: Strong, joint oversight of housing works improves outcomes for government and communities

The 2011 ANAO Audit, Implementation of the National Partnership Agreement on Remote Indigenous Housing in the Northern Territory, found under SIHIP there were *‘unresolved leadership and capacity issues, and substantially greater involvement by the Australian and Northern Territory Governments was required, with strong oversight at the day-to-day operational level.’* This led to governments adopting a joint management approach to the program until 2013 whereby both governments were *‘jointly responsible, accountable and in direct control of program management and direction.’*⁶

Joint management arrangements resulted in faster decision making, including in program funding and policy decision making. The new management arrangements allowed for flexibility to adjust the program around unexpected obstacles, and shared the risk and responsibility of delivering capital works between both levels of government.

⁵ Department of Families, Housing, Community Services and Indigenous Affairs (2009) *Strategic Indigenous Housing and Infrastructure Program: Review of Program Performance*, Commonwealth of Australia, Canberra
https://www.dss.gov.au/sites/default/files/documents/05_2012/sihip_review.pdf

⁶ Australian National Audit Office (2011) *Implementation of the National Partnership Agreement on Remote Indigenous Housing in the Northern Territory*, page 22

1.3 This Review's focus – NPARIH and the Strategy

In 2008 COAG agreed to the National Indigenous Reform Agreement (NIRA) which sets out a joint commitment to a National Integrated Strategy for Closing the Gap in Indigenous Disadvantage. Closing the Gap originally included six targets focused on health, education and employment, and set out seven building blocks where additional effort was needed to achieve the Closing the Gap targets. A key building block in the NIRA was 'Healthy Homes':

'A healthy home is a fundamental precondition of a healthy population. Important contributors to the current unsatisfactory living conditions include inadequate water and sewerage systems, waste collection, electricity and housing infrastructure (design, stock and maintenance). Children need to live in accommodation with adequate infrastructure conducive to good hygiene and study, and free of overcrowding.'

To support this building block, the Strategy was agreed between the Commonwealth and all jurisdictions with the exception of the Australian Capital Territory. The main aims of the agreement were to decrease overcrowding and increase housing amenity. There were also a series of other objectives, many of which attempted to respond to lessons learned from previous programs.

The Commonwealth committed \$5.4 billion through the Strategy from 2008 to 2018 to:

- build and refurbish houses in remote Indigenous communities and, where appropriate, town camps, including delivery of housing-related infrastructure
- implement robust and standardised Property and Tenancy Management (PTM) of all remote Indigenous housing
- increase employment opportunities for local residents in remote Indigenous communities
- build accommodation in regional areas to support people from remote communities to access training, education, employment and support services
- resolve land tenure on remote community-titled land in order to secure government and commercial investment, and economic and home ownership opportunities, and
- support Indigenous Community Housing Organisations (ICHOs) to improve their governance, become formally accredited and upgrade their stock.

An independent progress review of the NPARIH was commissioned in 2013.⁷ This 2013 review, authored by Ms Di Hawgood, found governments were on track to deliver the outcomes of the NPARIH by 2018. The targets for capital works and Indigenous employment had been exceeded, severe overcrowding was reduced in locations where there had been NPARIH investment and comprehensive PTM reforms were underway in all jurisdictions.

The 2013 review made several recommendations, including the need for:

- further investment in infrastructure

⁷ Di Hawgood, *National Partnership Agreement on Remote Indigenous Housing, Review of Progress (2008-2013)*

- better links with the Community Development Program (formerly the Remote Jobs and Communities Program, or RJCP)
- greater transparency
- clearer benchmarks for PTM
- land reform to support private home ownership and economic development, and
- long-term sustainability of the housing investment.

Victoria and Tasmania exited the Strategy in 2014 and New South Wales in 2016. These exits were an acknowledgment of the different circumstances in these jurisdictions and means that these jurisdictions are no longer subject to the arrangements.

On 1 July 2016, the Strategy replaced the NPARIH. This renegotiated agreement took on board the recommendations from the 2013 review and restructured the arrangement to include outcomes-based payments focused on improvements in specified areas alongside funding for capital works. The Strategy partnered the Commonwealth with Queensland, Western Australia, South Australia and the Northern Territory to continue to deliver housing in remote Indigenous communities.

The Strategy included a heightened focus on improved PTM outcomes so houses last longer; increased employment and participation outcomes for Aboriginal and Torres Strait Islander people from 20 per cent to 30 per cent across all jurisdictions; more Indigenous businesses building houses and delivering housing services; and greater home ownership opportunities for Aboriginal and Torres Strait Islander people, particularly those from remote communities.

There were parallel developments with the arrangements in the Northern Territory. In addition to the \$1.7 billion allocated to the Northern Territory under the Strategy, \$230 million was committed under the National Partnership Agreement on Stronger Futures in the Northern Territory (SFNT) 2012-2018 for additional upgrades of houses in the Northern Territory to improve their durability and amenity. The investment continued when the SFNT was replaced by the National Partnership on Northern Territory Remote Aboriginal Investment in 2016. This funding was provided in recognition of the significant need and poor condition of existing dwellings across the Northern Territory.

In one sense this Review is evaluating the NPARIH and the Strategy against their objectives. In a wider sense we are evaluating the extent to which governments have learned the lessons of a now lengthy history of addressing the crucial issue of housing provision to the wellbeing of Aboriginal and Torres Strait Islander people.

Following is a map of NPARIH and Strategy sites across Australia since 2008.

This is a detailed map of South Australia, showing its geographical features, major towns, and smaller settlements. The map is color-coded, with green representing coastal and southern regions, and yellow representing inland areas. Numerous place names are labeled, including Adelaide, Melbourne, Sydney, Perth, and many smaller towns. A legend in the bottom right corner identifies the map as 'South Australia' and lists the names of the states and territories.

1.4 Governance of the Review

The Review was conducted by an independent expert panel (the Panel) with support from a Consultative Committee and Secretariat.

1.4.1 Expert Panel

The Panel was co-chaired by Robert Griew and Rachelle Towart and included Fred Pascoe and Susan Murphy as members. The Panel brought deep experience in Aboriginal and Torres Strait Islander issues and a range of expertise from financing, leadership, housing delivery and government, including experience in senior Commonwealth and jurisdiction public services, local government, community governance and business.

The Panel drew from a variety of sources, including consultation with key stakeholders, international best practice and program data, to form its views, make findings on the effectiveness of the program and develop options for moving forward.

1.4.2 Consultative Committee

A Consultative Committee was established to support the Review with representatives from the Commonwealth, Queensland, Western Australia, South Australia and the Northern Territory Governments. The role of the Committee was to act as a consultative body throughout the Review, facilitate the collection of evidence to support the Review and provide advice and feedback to the Panel.

1.4.3 Secretariat

The Panel and consultative committee were supported by a team within the Department of the Prime Minister and Cabinet.

1.4.4 Consultation process

The Panel consulted with a wide range of stakeholders including Aboriginal and Torres Strait Islander community representatives, land councils, local government representatives, housing service providers, academics, and jurisdiction government representatives.

The Panel met with Aboriginal and Torres Strait Islander people and community leaders in remote Indigenous communities, and in some instances were invited by tenants to see first-hand the condition of housing in these places. A list of the 41 communities and towns visited is provided at Appendix III.

Information about the Review was provided on the Department of the Prime Minister and Cabinet's website and public submissions were invited. The Panel also wrote to stakeholders, inviting their contribution. Twenty-one submissions were received. These are summarised at Appendix VI.

2. Secure, quality housing is needed for Closing the Gap

Housing is fundamental to the wellbeing of all Australians – it provides shelter, privacy, safety and security, supports health and education, and has a significant impact on workforce participation. Aboriginal and Torres Strait Islander people have poorer housing outcomes than other Australians. The 2017 Closing the Gap report confirms this.⁸

In this Chapter we outline the compelling evidence that the quality, amenity and sustainability of housing in remote Indigenous communities underpin progress on Closing the Gap.

In remote Indigenous communities the reliance on public or social housing exacerbates the challenges, as does overcrowding and the harsh environment. In other settings social housing tends to be set aside for particularly needy families and individuals. In many remote Indigenous communities, this is all the housing there is, especially for local people. Wages do not buy a household out of social housing therefore preference is not given to the particularly needy. All community members suffer the results of a lack of housing and housing amenity.

The Strategy improved housing amenity in remote Indigenous communities. To maintain these improvements, cyclical maintenance and tenancy reform is essential. Without further investment in this area, improvement will be lost, and the \$5.4 billion investment will have been wasted.

The Panel commissioned a synthesis of research on the linkages between social and economic outcomes of good housing for Aboriginal and Torres Strait Islander people from the Australian Housing and Urban Research Institute (AHURI).⁹

The following information draws on this report.

2.1 Health

2.1.1 Overcrowding and poor quality housing lead to poor health outcomes and make it harder to manage chronic disease

Housing is considered a foundational element in physical and mental health, including for disease prevention.¹⁰

⁸ Department of Prime Minister and Cabinet, Closing the Gap: Prime Minister's Report 2017, <http://closingthegap.pmc.gov.au/sites/default/files/ctg-report-2017.pdf>

⁹ Australian Housing and Urban Research Institute (2017) Research Synthesis of social and economic outcomes of good housing for Aboriginal and Torres Strait Islander People, Dr N Brackertz & A Wilkinson

¹⁰ Foster, G., Gronda, H., Mallet, S. and Bentley, R. (2011) *Precarious housing and health: Research Synthesis*, Australian Housing and Urban Research Institute, Hanover Welfare Services, University of Melbourne, University of Adelaide, Melbourne Citymission, Australia

Remote Indigenous communities experience high rates of infectious diseases. Overcrowding, lack of access to functional hygiene facilities (e.g. hot water, functional sewerage systems, safe power inside houses, and access to working washing machines) and poor hygiene behaviours facilitate the spread of common illnesses such as influenza. Overcrowding and poor hygiene can also contribute to increased difficulty in managing chronic disease and to other health priorities, such as bringing up healthy infants and children. These rates could be significantly reduced with appropriate investment in quality housing.

Stakeholder submissions to the Review highlighted some health conditions that only impact remote parts of Australia. For example, it was reported there are cases of leprosy and tuberculosis in the Kimberley region of Western Australia.¹¹ Endemic tuberculosis is also present in other areas of remote northern Australia, with Aboriginal and Torres Strait Islander Australians suffering tuberculosis at a rate of seven times non-Indigenous people, with the highest rate in the Northern Territory at 24.2 new cases per 100,000 population in 2007.¹² Household or other close contact with a tuberculosis patient was the most common risk factor in all patient groups in 2008.¹³

2.1.2 Overcrowding increases wear and tear on houses, so health hardware breaks down faster

Overcrowded conditions result in doors, toilets and taps being used more frequently, increasing the likelihood of wear and tear and break downs in health hardware. This not only underscores the need for regular proactive and reactive maintenance but also the need for high-quality and fit-for-purpose-fittings. False economies in selection of health hardware has historically imposed a terrible burden of failing housing amenity, impacting householders' health and leading to substantially increased restorative costs. Without investment into cyclic maintenance of houses to maintain health hardware, houses built under the Strategy will deteriorate and the investment will be wasted.

According to Healthabitat, the top three priorities for enabling positive health outcomes in homes are: washing the kids once a day; washing clothes and bedding; and removing human waste safely. This means the biggest improvements to health can be attributed to functioning wet areas – the shower, laundry and toilet. Box 2.1 summarises this important research, carried out specifically to address the health impact of poor housing on Aboriginal and Torres Strait Islander people.

The Productivity Commission has reinforced the message in its *Overcoming Indigenous Disadvantage* reports.

¹¹ Shire of Halls Creek (2016) Response to the Remote Housing Review

¹² Barry, C., Konstantinos, A. and the National Tuberculosis Advisory Committee (2009) Tuberculosis Notifications in Australia 2007, Department of Health and Ageing, Canberra, [http://www.health.gov.au/internet/main/publishing.nsf/Content/cda-cdi3303-pdf-cnt.htm/\\$FILE/cdi3303f.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/cda-cdi3303-pdf-cnt.htm/$FILE/cdi3303f.pdf)

¹³ Roche, P. *et al* (2008) *Tuberculosis Notifications in Australia 2006*, Department of Health and Ageing, Canberra, <http://www.health.gov.au/internet/main/publishing.nsf/content/cda-cdi3201a.htm>

*'If a house is appropriately designed for the number of residents and adequately maintained, the bathroom, and adequate kitchen and laundry facilities make it easier to prevent the spread of infectious diseases and to encourage good environmental health.'*¹⁴

Box 2.1: Healthabitat¹⁵

Healthabitat has conducted a number of successful programs for Commonwealth and jurisdiction governments, using principles known as 'Healthy Living Practices' (HLP). These practices contribute to maintaining healthy families and healthy homes:

- | | |
|--|---|
| 1. Washing people | 6. Reducing the negative effects of animals, insects and vermin |
| 2. Washing clothes and bedding | 7. Reducing the health impacts of dust |
| 3. Removing wastewater safely | 8. Controlling the temperature of the living environment |
| 4. Improving nutrition, the ability to store and prepare and cook food | 9. Reducing hazards that cause injury |
| 5. Reducing the negative impacts of overcrowding | |

The Healthabitat methodology surveys and fixes critical 'health hardware' items such as hot water systems, taps, toilets, drains, showers and electrical fittings in houses in rural and remote Indigenous communities. The methodology includes a further survey six months later to measure the improvement in functionality of health hardware as a result of this work, again fixing items as they go. The survey and fix method follows Fred Hollows' injunction that there should be, 'no survey without service!'

Key findings & evidence

Healthabitat identified a misconception that homes are not well maintained because tenants are negligent or wilfully destructive. The CHIP Review in 2012, *Living in a Sunburnt Country*, supported this, finding intentional or unintentional damage was the cause of maintenance problems in nine per cent of the cases. It also determined that quality of maintenance and construction are central to health in remote Indigenous communities. In 66 per cent of cases, lack of programmed maintenance is the cause of problems and in 25 per cent of cases, the cause is poor specifications or faulty workmanship in the first place.¹⁶

¹⁴ Productivity Commission for the Steering Committee for the Review of Government Service Provision (2016) *Overcoming Indigenous Disadvantage 2016*, Commonwealth of Australia, Canberra, <http://www.pc.gov.au/research/ongoing/overcoming-indigenous-disadvantage/2016/report-documents/oid-2016-overcoming-indigenous-disadvantage-key-indicators-2016-report.pdf>

¹⁵ Healthabitat Pty Ltd (Healthabitat) focusses on improving the health of Aboriginal and Torres Strait Islander people in Australia by improving their living conditions

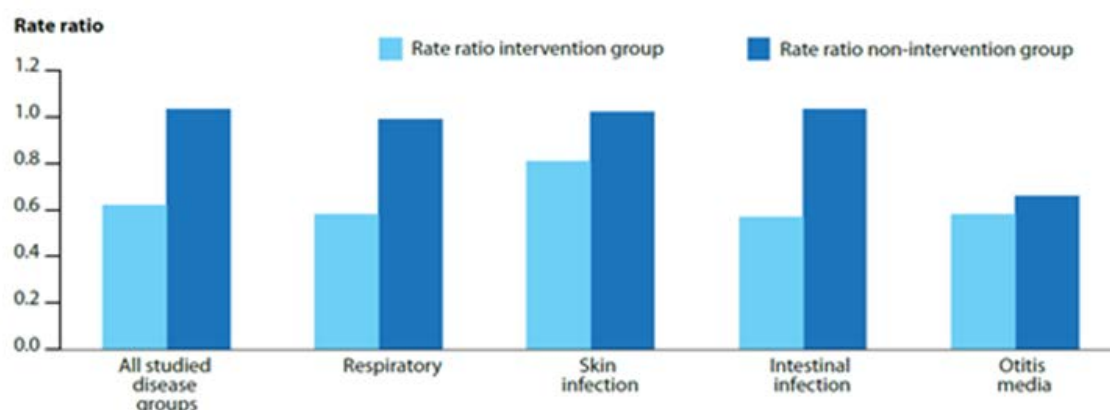
¹⁶ *Living in a sunburnt Country – Indigenous Housing: Findings of the Review of the Community Housing and Infrastructure Program*, 2012, p41. Available: 27/2/2017 at https://www.dss.gov.au/sites/default/files/documents/05_2012/livingsunburntcountry.pdf

An analysis of data by Healthabitat from 8,401 houses where works had been undertaken, showed that post survey:

- 87 per cent of showers were functioning, increasing from 37 per cent before the fix
- 81 per cent of houses were electrically safe, increasing from 10 per cent
- 91 per cent had a working toilet, increasing from 59 per cent, and
- 24 per cent had a working kitchen, increasing from six per cent.¹⁷

The New South Wales Government used the Healthabitat methodology to deliver the *Housing for Health* program. It conducted an evaluation which focused on the health benefits of the model in 71 communities that was used to fix 2,230 houses over the last 10 years. This included fixing over 51,700 individual items critical to health and safety. Residents living where the Housing for Health program had been delivered had a rate of hospital separation for infectious diseases 40 per cent lower than the rate for the rest of the rural New South Wales Aboriginal and Torres Strait Islander population.¹⁸

Figure 2.2: Before and after rate ratios for disease conditions in populations exposed to Housing for Health (intervention group) versus rural New South Wales Aboriginal control population (non-intervention group)



Note: Disease rate is measured by hospital separations.

Source: NSW Health 2010.

View the [text alternative for Figure 2.2](#)

¹⁷ <http://www.healthabitat.com/what-we-do/what-the-housing-data-reveals/how-the-houses-perform>, accessed 28/2/2017

¹⁸ *Closing the Gap: 10 years of Housing for Health in NSW*, 2010, NSW Department of Health, p6. Available: 27/2/2017 at <http://www.health.nsw.gov.au/environment/aboriginal/Pages/housing-health.aspx>

2.2 Community safety

2.2.1 Poor quality and overcrowded conditions increase pressure in homes, meaning tension and violence can escalate quickly

The Western Australia Inquiry into the Response by Government Agencies to Complaints of Family Violence and Child Abuse in Aboriginal Communities directly linked poor housing to domestic family violence. Aboriginal and Torres Strait Islander women living in rural and remote areas experience family violence at a rate 45 times higher than their non-Indigenous peers. This often takes place in a context of poor housing conditions, overcrowded dwellings and insufficient supply of housing including crisis accommodation for victims of violence or abuse.¹⁹

The Panel saw firsthand the limited housing options for people experiencing domestic violence in remote areas and for men returning from prison, a significant number of who have been perpetrators and find it hard to stabilise their lives and avoid re-offending without stable housing with, or separate from, partners and children. This unstable housing situation frequently causes homelessness, increasing overcrowding and exacerbating household tensions.

2.3 Employment and education

2.3.1 Overcrowding negatively affects participation in education and employment

People who have secure housing that is not overcrowded are more likely to be able to be employed.²⁰ In addition to the stresses of housing tenure, living in places of high unemployment can reduce employment prospects due to negative social and behavioural effects such as limited social and employment networks, poor work role models and low levels of social capital and community cohesion.²¹

Overcrowding can make it difficult for children to study at home and can lead to stress which adversely impacts upon school performance.²² Children in overcrowded housing may also have less sleep and irregular sleep patterns due to different schedules of household members that can lead

¹⁹ Gordon, S. et al (2002) *Putting the picture together: Inquiry into Response by Government Agencies to Complaints of Family Violence and Child Abuse in Aboriginal Communities*, Department of Premier & Cabinet Western Australia

²⁰ Australian Institute of Health and Welfare (2014) *Housing outcomes for groups vulnerable to Homelessness*, cat. no. HOU 274, Canberra, AIHW, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=60129548949>

²¹ Hughes, C. (2006) *Public Housing and Employment Research and Policy Bulletin*, Australian Housing and Urban Research Institute, https://www.ahuri.edu.au/_data/assets/pdf_file/0010/3016/AHURI_RAP_Issue_77_Public_housing_and_employment.pdf

²² Stanley, Janet et al (2003) *Child Abuse and Neglect in Indigenous Australian Communities*, Australian Institute of Family Studies, <https://aifs.gov.au/cfca/publications/child-abuse-and-neglect-indigenous-australian-communities>

to difficulty concentrating during the day and negatively affect mood and behaviour.²³ For these reasons, children sleeping in an overcrowded house are less likely to go to school.²⁴

Overcrowding and poor housing condition combined with poor health negatively impacts early childhood development. These factors all contribute to a person's ability to participate later in life.²⁵

At a practical level, the Panel heard from community members that overcrowded conditions often result in possessions, such as work boots or school books, being misplaced or taken, which makes it so much more difficult to actively participate in school or work.

2.4 Housing impacts everything you're able to do

Box 2.3: Reflections of a Panel member – what it means to live in an overcrowded house

Mary lives in a remote community in the far north of Queensland, in a three-bedroom house that is currently accommodating 20 of her relatives. She is a single mother of two, and is the head tenant, responsible for paying the rent and ensuring good upkeep of the property, but has both a cultural obligation and a humanitarian need to welcome extended family members into her home. The shortage of accommodation in the community means that her extended family would be homeless unless they found space to stay in her home.

After a day at work, she comes home to find the weekly food shop purchased for her children has been consumed by relatives. The number of people in the house with different bedtimes and sleeping habits means her children find it very difficult to sleep and often aren't rested or alert enough to study effectively at school the next day. And if her uncle Charlie falls over on his walking frame and dents the wall again, because he is trying to work around the people in the overcrowded living room, she will have to pay the bill to fix it, as she is head tenant.

The Strategy has delivered a house for Mary to lease, but because of the shortage of housing stock, it has not yet allowed her or many others in remote communities to create a functional home.

²³ Australian Institute of Health and Welfare (2010) *Shelter: development of a Children's Headline Indicator*, AIHW, Canberra, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=6442472740>

²⁴ Biddle, N. (2010) *A human capital approach to the educational marginalisation of Indigenous Australians*, Research working paper no. 67, Centre for Aboriginal Economic Policy, The Australian National University, Canberra, http://caepr.anu.edu.au/sites/default/files/Publications/WP/CAEPRWP67_0.pdf

²⁵ Australian Institute of Health and Welfare (2010) *Shelter: development of a Children's Headline Indicator*, AIHW, Canberra, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=6442472740>

2.5 Key Findings

High levels of overcrowding and poor housing condition negatively impact on outcomes in health, education, employment and safety.

There is particularly clear evidence of the strong relationship between health outcomes and the installation and proactive maintenance of hardware in houses that will both stand up to the conditions and facilitate key healthy living behaviours.

Overcrowding prejudices the chances of head tenants and heads of families to maintain a home routine and a calm, clean, healthy and safe environment for family members.

3.Reducing overcrowding in remote Indigenous communities

In the next six chapters we evaluate progress, performance and lessons learned for the future from the implementation of NPARIH and the Strategy (together referred to as the Strategy).

3.1 Significant progress has been made to reduce overcrowding

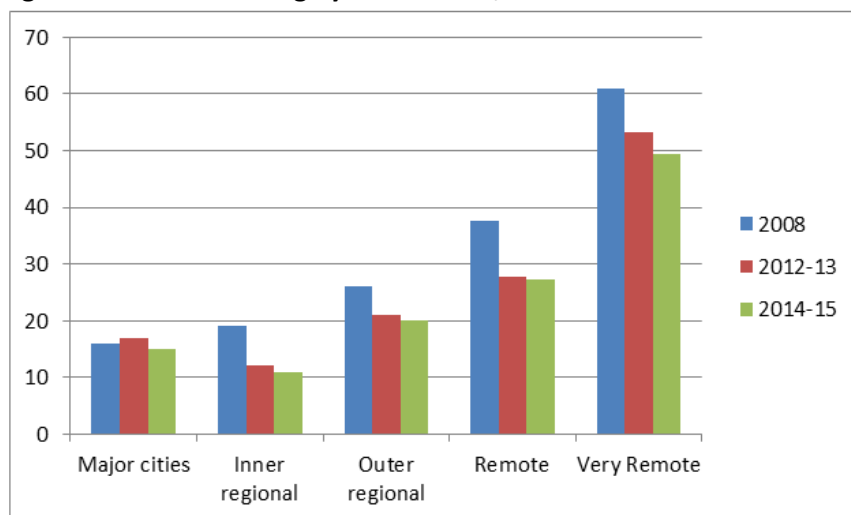
A primary objective of the Strategy was to significantly reduce overcrowding in remote Indigenous communities.

This is a challenging objective. Despite the long history and previous investment in Indigenous housing, over 50 per cent of households in remote Australia were overcrowded in 2008.

The challenge is being addressed. Since the introduction of the Strategy, good progress has been made on improving rates of overcrowding and housing condition in remote Indigenous communities.

The last national survey in 2014-15 showed overcrowding had fallen to 41.3 per cent.²⁶ Based on the available administrative data, the Panel estimates that by 2018, overcrowding will have fallen again, to around 37 per cent of households (see Figure 3.1).

Figure 3.1: Overcrowding by remoteness, NATSISS 2008 – 2014-15



Source: AIHW and ABS analysis of 2014-15 NATSISS, 2012-13 AATSIHS, 2008 NATSISS. Overcrowding is measured according to the Canadian National Occupancy Standard (CNOS).

View the [text alternative for Figure 3.1](#)

²⁶ Australian Bureau of Statistics, *National Aboriginal and Torres Strait Islander Social Survey*, 2014-15

Box 3.2: Jurisdiction data on overcrowding

Jurisdiction government data of *progress* – based on audits of overcrowding and housing *need* – provide a more up to date and differentiated sense of progress at a jurisdiction level than is available through current Australian Bureau of Statistics (ABS) data.

Progress:

- Queensland audits of its Aboriginal and Torres Strait Islander local government areas saw overcrowding decrease from 46.6 per cent in 2007 to 25 per cent in 2016.
- South Australia audits show overcrowding has decreased from an average 9.9 people per house in 2008 to 5.0 in 2016 in Indulkana and from 8.5 to 4.7 in Mimili.

Need:

- The Queensland Government advises around 1,380 new houses will be needed up to 2026. Queensland officials note caution in predicting need using ‘point in time’ data and the need to implement any new program to meet a dynamic profile of future need. The Queensland Government cautions against not calculating need for households requiring one or two additional bedrooms.
- Western Australia officials estimate, based on waitlists overlaid with administrative data, there is residual demand for 940 new houses. It is unable to provide future demand at this point.
- The Northern Territory Government estimates an additional 4,500 new three bedroom houses are required by 2028, to address overcrowded households requiring at least three additional bedrooms or homelessness. To address overcrowding in households requiring one or two additional bedrooms, another 700 new houses would be required.

3.2 Despite progress overcrowding persists and will worsen over the next ten years, unless further action is taken

There has been significant improvement in levels of overcrowding in remote communities, but this comes off a high base meaning that, despite the progress, the rates are still unacceptably high.

The rising population rate of Aboriginal and Torres Strait Islanders in remote Australia of 0.7 to one per cent annually²⁷ and the younger population, with a median age of 22 compared with 38 for other Australians²⁸ will further exacerbate the current housing shortage.

²⁷ Australian Bureau of Statistics, 2014, ‘Aboriginal and Torres Strait Islander population may exceed 900,000 by 2026’ viewed 07/03/2017 at

<<http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/3238.0Media%20Release02001%20to%202026?opendocument&tabname=Summary&prodno=3238.0&issue=2001%20to%202026&num=&view=>>

²⁸ Australian Bureau of Statistics, 2011, ‘3238.0.55.001 - Estimates of Aboriginal and Torres Strait Islander Australians, June 2011’, viewed 07/03/2017 at <<http://www.abs.gov.au/ausstats/abs@.nsf/latestProducts/3238.0.55.001Media%20Release1June%202011>>

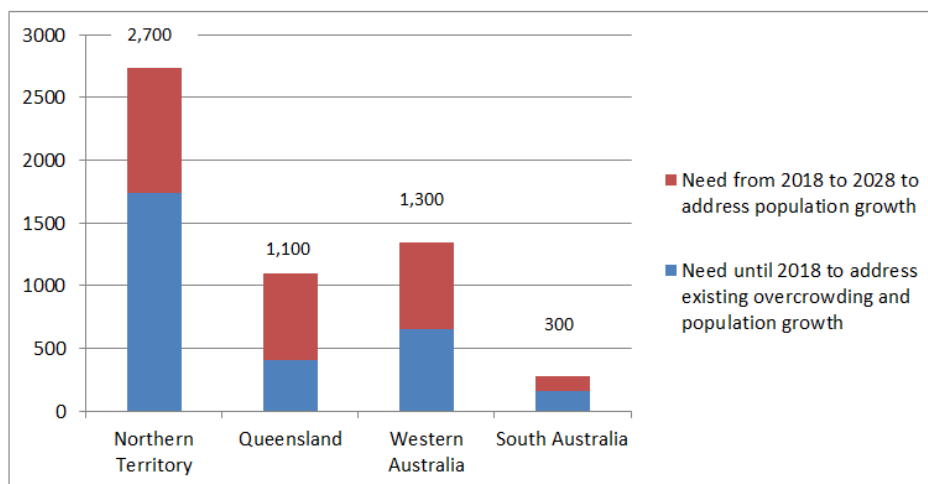
3.3 Based on current and future demand an additional 5,500 houses are required by 2028

The Panel estimates that a total additional 5,500 dwellings in remote communities will be required by 2028. This is comprised of:

- 3,000 dwellings to address current needs to 2018, and
- 2,500 new dwellings required by 2028 to meet population growth.²⁹

The estimates of current and projected need by jurisdiction are illustrated in Figure 3.3. Based on this level of investment, the level of overcrowded dwellings in remote Australia are estimated to fall to around 25-30 per cent by 2028. This level of overcrowding is still 10 percentage points higher than the rate in urban and regional Australia. On average the number of people in the households in remote areas experiencing overcrowding would decrease and contain large single family units rather than multiple families. At the time of the Review, 2016 Census data was not available. These estimations will need to be considered as new data becomes available.

Figure 3.3: Estimated number of dwellings required for all remote areas to 2028



Estimates are based on 2011 Census data and the *'Estimates and Projections, Aboriginal and Torres Strait Islander Australians, 2001 to 2026'* (ABS 2014). Housing need is calculated based on households requiring three bedrooms or more, or those estimated as homeless. It does not address those living in dwellings requiring one or two more bedrooms, suggesting the overcrowding challenge is likely to be greater.

View the [text version for Figure 3.3](#)

²⁹ These estimates are based on 2011 Census data; Australian Bureau of Statistics' homelessness estimates; Aboriginal and Torres Strait Islander family composition data and population projections, crossed checked against the 2014-15 NATSIS, and Commonwealth and jurisdiction administrative data. Remote housing need requires remodelling when the 2016 Census data is available

Half of the need for additional dwellings required by 2028 is in the Northern Territory alone. The Commonwealth Government has consistently recognised the Northern Territory has the lowest capacity of all jurisdictions to meet this pressure.

The Strategy only invested in Indigenous communities meeting the ABS definition of a remote location. This has excluded places with high overcrowding rates which were not classified as remote, such as Yarrabah in Queensland, or which were gazetted as towns, such as Elliott in the Northern Territory. The Strategy also did not invest in very small communities, or in homelands and outstations.

The Panel acknowledges the anxiety of communities which did not receive investment and the factors resulting in individuals wanting to live in certain areas. However the Strategy was set up to address a particular issue and cannot solve all housing issues. Jurisdictions receive funding from their own revenues as well as through the National Affordable Housing Agreement and the National Partnership Agreement on Homelessness. While some flexibility in a future agreement is important, the Panel considers jurisdictions should be responsible for homelands, and urban and regional housing.

3.4 Key findings

The Strategy has made a significant positive difference to the rates of overcrowding. Jurisdiction government administrative data shows some substantial improvements in particular areas.

Overcrowding persists due to the high base line and the relatively high rates of growth of the remote Aboriginal and Torres Strait Islander population.

Further government investment is required to address continuing and new housing need, albeit at a lower level than the current Strategy.

4. Increasing housing supply and improving housing conditions

The Strategy will deliver 11,500 more liveable homes by 2018. The target for new builds will not be met but this slight under achievement is offset by a major over achievement in refurbishments.

4.1 The Strategy has performed well overall against numeric building targets

The original COAG targets for the Strategy were to build 4,200 new houses and refurbish 4,876 houses. Based on current performance the Strategy is expected to deliver:

- 4,020 new houses (4.2 per cent below target), and
- 7,557 refurbishments and rebuilds (55 per cent above target).

This achievement of increasing housing supply and amenity, and the resulting benefits of reduced overcrowding, should be celebrated especially given the challenges of constructing houses in remote areas, and the lack of visibility of housing stock location and condition at the outset of the Strategy.

4.2 The substitution of replacements and refurbishments for some part of the new building target was reasonable

During consultations, jurisdiction officials explained that when the Strategy commenced all parties underestimated the level of overcrowding and the poor state of existing housing in remote communities. Many houses were in such poor condition they needed replacing. In the Northern Territory where this issue was especially acute, up to 40 per cent of new houses were replacements which improved housing condition but did not increase the overall housing stock.

The decision to fund additional refurbishments over new builds delivered three refurbishments for every new house. This resulted in a cost effective way to increase housing amenity and a significant over performance against the refurbishment target.

4.3 With the exception of Western Australia, each continuing jurisdiction met or exceeded its original COAG targets

Performance against the targets for each jurisdiction is shown in Table 4.1. Each of the jurisdictions that have remained in the program, with the exception of Western Australia (-16 per cent), met their targets for new builds.

Table 4.1: Outcomes against COAG 10 year targets and funding for all jurisdictions

New builds

Jurisdiction	Capital funding* \$m	2018 Target	Actual builds to 2018	Percentage over/under achievement
NSW***	193.731	310	263	
Qld	821.260	1,141	1,144	+0.26%
WA	813.624	1,012	841	-16.90%
SA	148.734	241	256	+6.22%
Tas***	12.325	18	12	
NT**	1,236.189	1,456	1,504	+3.30%
National total	3,225.863	4,200	4,020	-4.29%

Refurbishments

Jurisdiction	2014 Targets	Actual refurb to 2018	Percentage over/under achievement	Communities touched
NSW***	101	1,009	+899.01%	45
Qld	1,216	1,490	+ 22.53%	42
WA	1,288	1,742	+35.25%	80
SA	206	330	+60.19%	21
Tas***	13	57	+338.46%	2
NT**	2,052	2,929	+42.74%	100
National total	4,876	7,557	54.98%	290

Note: Victoria did not have a capital program

* includes total funding allocated to 2018 for infrastructure

** The Northern Territory has publicly committed to delivering an additional 88 houses beyond its commitment in the Strategy

***New South Wales exited Strategy in 2016 and Tasmania exited Strategy in 2015

Source: Commonwealth administrative data

Western Australia met the target for refurbishments but, compared with other jurisdictions, delivered insufficient refurbishments to compensate for the deficit in new houses. This implies that either the cost of delivery in Western Australia is significantly higher than other jurisdictions or Western Australia has not used the funding (or contributed its own funding) to deliver housing outcomes for its citizens as effectively as the other jurisdictions.

4.4 Preliminary analysis shows South Australia achieved best value for money

Based on funding provided to each jurisdiction, the number of new houses and refurbishments, South Australia achieved the best value for money across its construction program. Table 4.2 shows the funding the Commonwealth provided to jurisdictions for capital works and the jurisdiction reported expenditure for new houses and refurbishments/rebuilds.

This demonstrates the cost of housing is significantly more when other ancillary costs such as community infrastructure and land servicing are included. Other factors, such as remoteness,

weather, and availability of contractors also add to costs. Part of the Commonwealth's capital works funding contributes to these costs, with the jurisdictions meeting any shortfall. These factors impact the jurisdictions to varying extents, making comparable and accurate assessments of value for money assessment difficult to determine.

Table 4.2 Costs for new builds and refurbishment by jurisdiction, for continuing jurisdictions

Jurisdiction	Construction Category	Jurisdiction reported average costs (2008-2016)	Number of new houses delivered to 30 June 2016	Total construction expenditure to 30 June 2016* (\$m)	Total Commonwealth funding provided for capital works to 30 June 2016 (\$m)	Percentage of Commonwealth funding for ancillary costs
Qld	New Houses Refurbishments	\$486,484 \$ 90,423	803 1,490	525.377	652.746	19.5%
WA	New Houses Refurbishments	\$468,000 \$ 83,000	700 1,561	457.163	688.882	33.6%
SA	New Houses Refurbishments	\$480,497 \$112,636	206 252	127.367	136.834	6.9%
NT	New Houses Refurbishments Rebuilds	\$552,000 \$ 75,000 \$200,000	1,187 2,481 448	930.899	1,096.000	15.0%

* Average costs multiplied by number of new houses.

4.5 Over the course of the Strategy many lessons were learned (or re-learned)

Over the course of implementing the Strategy, many important lessons have been learned about the long-term value of appropriate investment in: house quality and design; community engagement; and infrastructure planning and use, which if done well can deliver substantial efficiencies.

4.5.1 Investment in suitable design, material and construction pays off

Investment in suitable design, material and construction methods will improve the safety, amenity and durability of remote houses, and reduces recurrent maintenance costs. Over the course of the Strategy, governments have learned lessons about appropriate housing delivery and design. A 2015 review of five Strategy dwelling types demonstrated the longer term cost benefits derived from

using durable construction methodologies and materials. It found that besser block construction is the most durable.³⁰

Box 4.3:

In the Northern Territory, the preferred design since 2014 has been ‘concrete block on slab on ground’ (besser block). The value of besser block was demonstrated in 2015 when houses at Galiwin’ku, Milingimbi and Ramingining that were built using this construction design were undamaged by the consecutive Cyclones Lam and Nathan whereas other designs required repair or replacement.

Early in the program South Australia tested a number of housing types, including transportable products. In 2015 a follow up Building Fabric Audit assessed properties constructed in 2010 on the APY Lands. The audit found that the quality of the transportable product was good but construction and running costs outstripped the benefits. For example, the tender price for a three bedroom transportable in Amata ranges between \$72,000 and \$150,000 more than an on-site build.

Transportable housing with one or two bedrooms has a comparable cost to on-site build; however, the on-site build has the additional benefit of increased potential for local work participation and employment and a higher energy rating (where concrete flooring provides an insulating effect). The flooring in the transportable was not compliant with standards for disability access, meaning that further reinforcement work had to be completed, increasing the unit cost.

Cost considerations will drive decisions in building particularly given the other externalities that affect building costs such as high transport costs, lack of skilled tradespeople, and environment limitations on timeframes for building due to extended wet seasons. However choice of design and materials should consider the building standards, amenity of the housing and the longer term cost/benefits.

Initial lower capital cost can be out-stripped by a higher ongoing recurrent cost over the life of a building (see Table 4.4). Over 30 years the initial capital cost represents about one quarter to one third of the total lifecycle cost, with the largest cost proportion over the life cycle relating to capital replacements.

³⁰ Rider Levett Bucknall, Desk-top Review of NPARIH Capital Works 2015

Table 4.4 – Projected whole of life cost of build varieties in Queensland and Northern Territory

Dwelling type	Average initial capital cost (2010-11 prices)	Total initial capital cost and 30 year whole of life net present value (2011 prices)	Overall rating of condition 5 years post-construction
Ritek, NT	Expectation \$518,000	\$1,849,000	Good
Bluescope or MRN prefabricated, NT	Expectation \$470,000	\$2,145,000	Fair
Besser block on slab, NT	Expectation \$520,000	\$1,774,000	Good
Prefabricated, Qld	\$469,623	\$2,145,000	Fair
Flat pack, Qld	\$444,528	\$2,191,000	Fair
Besser block on slab, Qld	\$419,110	\$1,582,000	Excellent

Source: Rider Levett Bucknall, Desk-top Review of NPARIH Capital Works 2015

4.5.2 These lessons were reinforced: bad outcomes from poor building

During visits to remote communities, the Panel saw mixed quality of houses. Generally newer houses in Queensland, South Australia and the Northern Territory were of a very high quality. However there were serious design and safety issues encountered in Western Australia and reported in New South Wales.

Badu Island – new besser block, Queensland



Broncos house – Horn Island, Queensland



New house under construction, Galiwin'ku, Northern Territory



Pictures of house taken in the Kimberley regions in Western Australia



Picture of house taken in the Kimberley regions in Western Australia



The Panel is aware that early in the program all jurisdictions reported difficulties in achieving the right balance between quality builds, fast roll out and community engagement, resulting in poorer quality houses. The Panel is satisfied Queensland and the Northern Territory are now building good quality houses using mostly besser block, but more work needs to be done to improve amenity noting this would involve a higher build cost.

South Australia is building good quality housing, primarily from BlueScope steel, which has good amenity and design. The Panel remains concerned about some instances of poor house design in Western Australia, including safety concerns in one community around properly bracing stilt houses.

4.6 Acceptance and defect monitoring are key processes to ensure accountability for building quality

The Strategy requires that houses comply with Australian construction standards and the National Indigenous Housing Guide. Jurisdictions advised their construction works meet the standards and that they have independent sign off processes. However, during consultations, community members and some service providers raised concerns that houses have not always met the standard and that some works were signed off by the builders responsible for the construction, instead of by independent parties.

Jurisdiction officials discussed with the Panel challenges that arise from the necessity for a sign off of a more robust quality than set out in Australian standards, if houses are going to stand the test of time in remote Australia. The Panel found this discussion useful and is of the view that strong acceptance processes are required and that these need to be complemented by constant attention to project management, works supervision and periodically testing of housing resilience post acceptance.

4.7 The introduction of a two year competitive bids process led to undesirable, and unintended, consequences

The Commonwealth introduced a Competitive Bids Process from 2010 to ensure targets were met and improve value for money. Under this process, every two years, jurisdictions set capital works plans and targets covering need, design and value for money. The capital works plans needed to be negotiated and approved by the Commonwealth which took a long time and impacted on jurisdictions' ability to deliver. Milestones were set for each two-year period. If a jurisdiction failed to meet a milestone, the Commonwealth could withhold payment until it was met. If a jurisdiction did not meet its two-year milestone, the Commonwealth could apply a financial penalty of up to 25 per cent of funds.

This policy change introduced a process which was complex and lengthy – and distracted officials from delivery and sharing best practice – and had unintended consequences such as incentivising jurisdictions to rush to meet end of financial year deadlines and achieve targets.

Queensland officials advised *‘it takes a lead time of two years to undertake consultation with communities, undertake programming and planning, meet legislative requirements and undertake land subdivisions works ahead of housing construction commencing. The requirement to bid for capital works every two years has resulted in a stop/start on the ground delivery program tied to Commonwealth and state approvals. To reduce this impact, Queensland adopted a rolling program of works for new constructions and took on liability for starting additional projects ahead of receiving approval for the next two-year period of works.’*

South Australian officials stated *‘reduced construction time frames are further compounded by the inherent nature of delivery in very remote locations. Allowing appropriate time frames for lead in and pre-construction planning will allow for contingency planning for seasonal impacts i.e. cultural business, community closures, local employee availability and high heat (>47°C during summer months). The current bid process and funding model has resulted in construction start up over December to February, where building is slowed due to the above issues.’*

4.7.1 Short timeframes impacted on quality delivery

Policy change attempted to increase the number of houses delivered, but pressure to deliver in shorter timeframes resulted in the delivery of poor quality houses. For example, on Palm Island, off-site flat pack houses were shipped to construction sites in place of on-site builds. During the Panel’s visit to Palm Island, community members noted this was a poor result because they were of worse quality and were not suited to the conditions of the land.

Similarly, New South Wales reported that the imposed time constraints overwhelmed the ability to plan its investment. The rush to meet housing targets to secure funding meant that old housing stock was purchased to fulfil targets, reducing its ability to increase housing supply. Jurisdiction governments reported the inability to engage in longer term contracts, limited flexibility and the stop start program impacted their ability to achieve value for money.

4.8 Local engagement, when done well, delivers better housing

Housing has worked best where local government is actively involved. In Queensland, local councils take on many of the building, and repairs and maintenance works. Councils were able to design houses to better meet the needs of communities and negotiate with the Queensland Government around build prices and additions. One council was building carports attached to the house, which could easily be transformed into an additional bedroom if the families grew.

There needs to be sufficient flexibility within the program to support follow up of engagement at the local level. The Northern Territory Government advised *‘targets need to be flexible so the states*

can manage changes between communities at the program level and within a community to get best for community and program value for money outcomes.'

During consultations some communities expressed frustration that they were unable to influence decisions about the number of bedrooms in the houses, which were primarily influenced by the housing targets and budgets for delivery. Jurisdictions viewed that the Commonwealth imposed inflexibility by not defining certain build types, such as extensions and granny flats, as new builds.

The Panel also notes that engagement needs to be balanced against costs and the quality of delivery. In past practice there were examples of gross inefficiencies. For example through the Indigenous Housing Authority of the Northern Territory [1995-2005], consultations with local communities resulted in some 27 different housing designs that became too expensive to build. Similar problems were reported with SIHIP.

There are many examples of effective community consultation in the design process however, which has achieved the right balance.

Box 4.5: Community engagement in Normanton, North West Queensland

An alternative method of community consultation was used in the town of Normanton. Match stick models were used in consultations to simply demonstrate the housing design. Community members could easily see what houses would look like. They were able to readily move fittings within the house, adapting it to community needs and wants. This method of conducting design consultation turned out to be extremely effective. Community members felt they were more engaged in the process and had input into the project. This method also sped up consultations which reduced costs in the long-term.

4.9 The Strategy also built accommodation to support employment and education outside remote communities

The Commonwealth allocated a portion of funding under the Strategy to support people from remote communities to access accommodation for training, education, employment and support purposes (known as employment and education related accommodation or ERA). At 30 June 2016, the Strategy had spent \$124.316 million on ERA and will provide a further \$73.723 million over the two years to 30 June 2018. At 30 June 2016, funding has delivered eight hostels and 165 houses.

The Commonwealth provides funding for the capital works and jurisdictions fund the ongoing operation of the facilities, including support staff. In South Australia's 41 houses (118 bedrooms), there are currently 108 participants engaged in a variety of opportunities including vocational and educational training, health, community and housing services, hospitality, civil works, construction and mining, and administration.

There was positive feedback during consultations about the program including that it works best where there is a high level of support for residents, not only to achieve their employment and training goals, but in developing skills to move into the broader housing market.

4.10 Proper planning of land and infrastructure is essential

Before building can happen land must be secured and consideration given to the availability and/or need for essential infrastructure such as water storage facilities, sewage ponds, underground water stations and pipes, sewer pump stations, roads and drainage.

4.10.1 There were positive infrastructure outcomes under the Strategy

During the Strategy, cadastral surveys were completed in many communities creating land boundaries, enabling leases for home ownership as well as mapping out community infrastructure. This did not happen everywhere.

Some jurisdictions report good planning. For example, the Northern Territory Government reports it has secured over 1,000 parcels of land for leases over infrastructure and cadastral surveys have been created for 50 remote communities. Queensland officials state it has adopted land use planning schemes as a statutory framework for community growth in 14 local government areas, identifying areas suitable for urban development.

4.10.2 There were also poor results and, early in the Strategy, there were significant missteps

There were also cases of poor placement of houses and overly large block sizes impeding future community growth. During consultations in Looma, Western Australia, the community council was concerned there was no available land left to build on, as the only vacant land was on a flood plain.

The Panel also heard evidence that early in the program, pressure to deliver houses led to poor coordination with infrastructure departments. For example, the Panel was told by officials from more than one agency that when there was strong political pressure to deliver substantial numbers of new houses early in the Strategy. South Australian houses were built in a community which the jurisdiction's water authority had advised had little access to additional water supply without significant expense.

This was clearly a difficult experience for many involved in the long-term administration of remote infrastructure and housing programs. The Panel was assured that planning processes across their governments had improved by mid-way through the program, with much better examples offered.

4.10.3 Implementation depends on essential infrastructure but there was no funding plan

In some cases, such as in the Northern Territory, the lack of essential infrastructure for housing resulted in demolition of buildings in order to use existing serviced lots, which presented a cost saving in comparison to servicing new land which was estimated to be \$250,000 to \$300,000 per lot.

During the Strategy the Commonwealth and jurisdictions have reached agreement to fund critical infrastructure, in some cases by sharing costs between the Strategy and jurisdiction funds.

The lessons learned about the need to plan for infrastructure must inform future housing programs.

4.11 There are challenges with the availability of serviced land for the future

There are already indications of limited capacity in most jurisdictions for existing infrastructure to support future additional house builds.

Furthermore, the number of remaining serviced lots is significantly lower than the number of new houses required. For example, in the Northern Territory, there are fewer than 70 serviced housing lots remaining and additional infrastructure upgrades would be required before additional housing could be constructed. In South Australia, the communities of Amata and Pukatja have no sites available for construction and would require new subdivisions first.

Future programs should also consider how to encourage efficient use of community infrastructure to limit the need for further upgrades. Infrastructure usage needs to be controlled, including through greater education and the use of effective price signals. Jurisdictions have acknowledged this challenge and adopted different approaches to fund these costs:

- The Northern Territory Government reported reductions in water use following implementation of meters and improvements to electricity use after rolling out a tenant education program coupled with energy efficient products.

4.12 Land reform was a key part of the Strategy

In order to gain housing investment, the Commonwealth required communities to provide secure 40-year tenure over their land. This set up a clear agreement between the land owners and government about what can be done on their land.

Secure tenure enables governments to access land to build houses and related infrastructure, and put in place tenancy agreements for PTM. Under these agreements governments are responsible

for the management and safety of a house, and tenants are responsible for paying rent and looking after their houses.

4.12.1 Land reform is an area of achievement for the Strategy

Given the early delays and challenges in negotiating land reform, and the large number of leases to be put in place, officials across all jurisdictions have achieved substantial progress. This has led to a significant building program, much greater clarity about mutual responsibilities and provides the basis for future investment and further reform.

4.12.2 Nonetheless negotiations are complicated and progress has not been made everywhere

In some cases, agreements to secure long-term tenure for housing could not be reached. These communities did not receive housing investment. This occurred primarily in the Northern Territory on *Aboriginal Land Rights (NT) Act 1976* (Cth) land or in communities with unique underlying land tenure which has made its resolution difficult. For example, Western Australian legislation prohibits Western Australia Housing from making housing management agreements with communities on non-Indigenous held land such as National Parks and certain classes of crown land.

In addition to communities which have not received investment because of unresolved land tenure, there are communities where all or most of the land that has resolved tenure has already been built on.

Resolving land tenure agreements must be a priority so people have access to decent housing, regardless of which remote Indigenous community they live in. The Commonwealth and jurisdiction governments still need to work with land councils, communities and/or local government to resolve some issues of land tenure and availability for future investment.

4.13 Home ownership has not been a big success of the Strategy

Beyond its core priority of improving housing supply and condition, the Strategy supported home ownership to provide alternative housing options for people from remote Indigenous communities. While this is a small but important element of the Strategy, it cannot have any significant impact on reducing overcrowding and improving housing condition in the foreseeable future. That said, home ownership is important to provide people choice and could be prioritised depending on local context and community wishes.

Home ownership was pursued under the Strategy primarily through land reform and the development of supporting policies. There are currently 16 Indigenous home owners in remote New South Wales, 15 in the Northern Territory and 37 in Queensland. While these are not large numbers and limited home ownership outcomes have been achieved through the Strategy, the

Panel's view is these results should be celebrated as progress towards providing housing choice to remote Indigenous community members.

The Strategy went some way to breaking down barriers to home ownership on Indigenous held land by supporting funding for cadastral surveys and the Home Ownership on Indigenous Land program. In the Northern Territory, 99-year township leases or other long-term tradeable tenure have been required since 2013 before houses are delivered.

Long-term tradeable tenure supports home ownership and economic development, as the required tenure for Indigenous Business Australia (IBA), or other lenders, to provide a home loan. However there continues to be significant barriers to home ownership in remote Indigenous communities. Achieving home ownership needs a collaborative approach with communities, land owners, governments and IBA working together to have land available and developed, and ready investors.

4.14 Key Findings

Investment under the Strategy has resulted in 11,500 more safe and functional homes in remote Indigenous communities.

Good quality housing design and construction is important to increase the durability of houses and reduce the whole of life costs of housing.

To ensure building and safety standards are met and maintained, independent certification for acceptance must be complemented by strong project and work supervision and at least sample surveying of housing functionality over the life of new houses.

Building houses in remote areas is expensive and difficult. Short term funding cycles have impacted on housing costs and quality. Longer planning cycles would allow greater flexibility in delivery and design of houses, better coordination with infrastructure and land planning, and the ability to work with communities to get the best local outcomes. Proper governance and oversight would be required for longer term cycles.

Early in the Strategy there were examples of poor coordination within jurisdiction governments. The Panel has been assured these have been addressed but note this is a key and high stakes requirement of future program activity.

There is increasing pressure on infrastructure and essential services in remote parts of Australia which will need to be addressed before more houses can be built.

Good practice models need to be shared for the implementation of effective, but not punitive, incentive structures for use of water and power at a community and household level.

Land tenure has supported housing delivery and proper management. However governments need to continue to work with land councils, communities and/or local government to resolve

land tenure for future investment. Governments should especially target those communities with significant need which have not received investment.

Alternative housing options, such as home ownership and employment related accommodation, are important to give people choice but will not significantly address housing need in the foreseeable future.

5. Property and Tenancy Management

5.1 The Strategy is the first national program to have such a substantial focus on PTM

The Strategy's focus on PTM aimed to protect the Commonwealth's investment in housing over the longer term. This included a focus on normalising tenancy rights and obligations and requiring action to upgrade property management.

Under the Strategy, the jurisdictions became the providers of PTM, largely replacing ad hoc grants to Indigenous Community Housing Organisations (ICHOs) under CHIP.

5.1.1 Initial progress on PTM reform was slow, in part due to political focus on building new houses

Initially jurisdictions did not have a clear understanding of the distribution or condition of the stock due to the poor reporting that had occurred under CHIP. Jurisdictions first needed to bring houses into their control and then gain information about where residents lived and incidents of overcrowding, and the condition of housing.

Compounding this slow start was the intense political pressure in 2008-09 where the main focus of governments was to deliver more houses. As a consequence the focus on PTM was sidelined. The Panel finds this to be one of the significant failings of the Strategy. This occurred despite the knowledge that maintenance of housing requires at least equal attention as construction, if the condition of housing is to be sustained.³¹

5.1.2 Under the Strategy, payments to jurisdictions evolved to emphasise active PTM

Initially the requirements for jurisdiction governments were based primarily on putting in place tenancy agreements. Formal tenancy agreements support proper house maintenance as tenants have an obligation to look after their houses and landlords have an obligation to maintain houses to a minimum standard.

More recently, and aligned with the current Commonwealth Indigenous Affairs Minister's focus on the poor quality of properties, the Strategy has intensified efforts to lift the performance of PTM through a new outcomes-based approach.

³¹ Paul Pholeros, Tess Lea, Stephan Rainow, Tim Sowerbutts & Paul J. Torzillo (2013) Improving the state of health hardware in Australian Indigenous housing: building more houses is not the only answer, *International Journal of Circumpolar Health*, 72:1, 21181, DOI: 10.3402/ijch.v72i0.21181

In 2016, the Commonwealth introduced outcomes payments to jurisdictions for more regular property inspections, improved maintenance plans and the completion of repairs within agreed timeframes.

Table 5.1: Jurisdiction by jurisdiction – Commonwealth investment in PTM 2008-2018

	NSW*	Vic*	Qld	WA	SA	Tas*	NT	Total
Total (\$m)	15.710	13.837	238.991	207.228	43.402	1.850	393.818	918.486

Source: Commonwealth administrative data

*Includes funds allocated in buy-outs, Tasmania and Victoria exited the Strategy in 2015 and New South Wales exited in 2016.

5.1.3 There has been significant progress putting reformed PTM arrangements in place

There are now 15,000 properties in New South Wales, Queensland, Western Australia, South Australia, Tasmania and the Northern Territory which have reformed PTM arrangements in place. The invigorated focus on PTM is showing positive results.

A recent independent study of changes to housing management surveyed tenants on remote Indigenous communities. It found two thirds of the tenants agreed that housing and living conditions were ‘at least a bit better’, and just over half felt that overall things in the community are ‘better’ because the jurisdiction housing department is managing their house.³²

5.2 Property management is important among lessons already learned but progress has been mixed

Each jurisdiction has implemented a ‘program of ongoing maintenance and repairs’ and conducts regular house inspections. Each jurisdiction has approached this differently. A summary of the arrangements for each jurisdiction is outlined in Box 5.2.

³² Habibis, D, et al, Reviewing changes to housing management in remote Indigenous communities, AHURI, 2016, <http://www.ahuri.edu.au/research/final-reports/271>

Box 5.2: Jurisdiction government maintenance and repair policies

Queensland

Asset management life cycle principles guide the housing asset management practices applied to remote Indigenous housing in Queensland and identify the priorities for refurbishments, repairs and maintenance, replacement and redevelopment. New investment in repairs, maintenance and upgrades to maximise the useful life of dwellings is considered mitigation against much higher future costs.

Queensland undertakes a rolling program for regular property inspections and scheduling of responsive and planned cyclical maintenance and upgrade works. Inspections are used to develop an annual plan for proactive maintenance. Using this system, Queensland has reduced the balance of reactive repairs to proactive maintenance to over 80 per cent planned and less than 20 per cent reactive, against an internal benchmark of 70 per cent planned.

In 2016, 97 per cent of properties met Queensland's social housing standard for housing condition. Through its responsive repair system, Queensland reports that 96 per cent of repair requests are addressed within safe response times.

Western Australia

In 2014-15, Western Australia transitioned all remote housing to the Head Maintenance Contract, which started on 1 July 2015. Under this model, requirements for repairs and maintenance are identified by housing management staff and reported via Habitat or via Housing Direct, the Housing Authority's contact centre. Identified work is then categorised as requiring immediate repair, or as an item that can be planned and programmed. Planned and programmed works are then logged on a Planned Routine Maintenance Register for later bundling and issuing, according to priority and location.

Under the new arrangements, a more consistent approach to the classification and issuing of the works has been built in to housing maintenance systems and processes. In addition, the Planned Routine Maintenance Register is expected to allow the Housing Authority to achieve better value for money, particularly in remote locations.

Through the Quality Assurance Framework, all housing providers are audited regularly in relation to repairs expenditure, prioritisation of works and completion of works carried out. Bi-annually, the Western Australian Department of Housing performs quality assurance testing of actual maintenance works. The testing sample includes maintenance conducted within a set period to ensure that works have been correctly categorised; completed within set timeframes and delivered to an acceptable standard. A random sample of files are identified for Quality Assurance testing based on the number of properties managed by the Housing Provider and the risk to Housing.

Western Australia also carries out cyclical maintenance for predictable works such as septic pump outs.

South Australia

South Australia reported it commenced maintenance services from 2009. To date, 13 remote Aboriginal communities (542 houses) in South Australia receive a maintenance program commensurate with mainstream service. Housing SA's remote housing maintenance comprises three main elements: emergency maintenance, responsive (but not urgent) maintenance, and programmed maintenance.

Responsive maintenance requests have increased from the beginning of the Strategy, due to improved reporting by tenants, changes to PTM model and changes to data collection. South Australia reported an average response time of 18.4 days for all remote communities for maintenance requests and successful delivery against mainstream performance indicators for response times.

The Jurisdiction has a rolling program of maintenance, delivered on a seasonal and annual basis, on major items including air conditioning servicing, septic tank desludging and inspections upon replacement requirements. A new APY Lands contract commences in April 2017 and will allow for close tracking of maintenance work order response times and completion via a GPS application to be used by the service provider.

Northern Territory

The Northern Territory Government has implemented tenancy management systems and repairs and maintenance programs have been delivered for the 5,000 houses. In September 2013, the Northern Territory Government altered procurement to bundle repairs and maintenance and trades work for remote public housing and remote government employee housing.

The Northern Territory uses its inspections to report items for repair and to put onto a register. It batches jobs for completion timed around urgent works or where there is a critical mass. The Northern Territory has put in place a local handymen panel by region which allows for a localised, proactive response to fix minor items and report other issues.

Under the Strategy the Northern Territory Government is putting in place a planned maintenance program trial for five per cent of its remote housing stock and will start rolling out maintenance visits from a local maintenance worker.

Currently the property management contract is separate to tenancy management contract and this can result in two different providers involved in one community to delivery housing services.

5.3 There are further lessons to be learned from the delivery of maintenance services under the Strategy

These different approaches have achieved different results. Sometimes these results fly in the face of inherited wisdom lessons that should already have been learned. Other learnings have been seriously underscored for the first time under the Strategy. In this section we set both out, in order to guide property management in remote communities going forward.

5.3.1 Maintenance programs overly dependent on reactive maintenance are unlikely to work

Maintenance programs based solely on reactive or responsive maintenance (that is, when repair and other work only occurs when a tenant notifies the landlord) are unlikely to work for a number of reasons.³³ Communications systems in many remote areas are unreliable, and long wet seasons often make it challenging to access communities all year round.

Logistics can be challenging, and the travel costs associated with responsive maintenance are very high. Thus the results will inherently be mixed for tenants. The Panel heard many complaints of slow delivery, especially of reactive maintenance.

The effects of remoteness are especially pronounced for emergency repairs, due to the higher travel costs per job. Maintenance costs in very remote communities are more variable than in remote communities, and are between 1.3 and 5.1 times higher in the majority of cases.

Reactive maintenance will use up the available maintenance budget quickly, if part is not quarantined for planned cyclic maintenance. On average, emergency repairs cost 8.5 times more in very remote communities than in remote communities; and typically, the costs of emergency repairs are 75 per cent higher than planned activities, while responsive activities are 50 per cent more costly than planned.³⁴

5.3.2 Utilisation of local labour has real potential to manage maintenance costs

The use of local labour for maintenance and tenancy management and up-skilling local workforces to perform, at least non-trade, jobs can also support managing costs and faster response times. This is examined in more detail later in this chapter.

³³ Pholeros & Phibbs, Constructing and maintaining houses, 2012, Closing the Gap Clearinghouse

<http://www.aihw.gov.au/uploadedFiles/ClosingTheGap/Content/Publications/2012/ctgc-rs13.pdf>

³⁴ Nous Group (a), 2017, An efficient price for the operational cost of providing social housing in remote Indigenous Australian communities, Report commissioned for the Review

Local employment outcomes under the Strategy are discussed in the next chapter. The Panel heard consistently from local government community organisations and businesses that repairs and maintenance programs is one area where local employment should be possible.

5.3.3 The Commonwealth has had limited oversight of the quality of maintenance programs

Even after the 2016 changes to the Strategy, the Commonwealth has limited oversight of the quality of repairs and maintenance programs, which makes both program administration and objective performance measurement challenging. While jurisdictions conduct regular house inspections, the program does not require jurisdictions to provide information to the Commonwealth on the results of the inspections.

In the absence of the Commonwealth being able to provide this information and clarify the state of affairs, on balance, the Panel is confident there is significant room for improvement in the delivery of repairs and maintenance to remote Indigenous housing.

5.4 Formalising tenancy agreements was a start but tenants are not clear about rights and responsibilities

Under the CHIP, there were often no formal tenancy agreements in place. Through the Strategy, tenancy agreements were put in place for 98 per cent of all new builds and refurbishments within eight weeks of completion. Tenancy management has progressed significantly under the Strategy and is much easier from a base where houses are not as overcrowded. The reduction in overcrowding, repairs and maintenance schemes in place, and land reform, have made it easier for tenants to look after their houses and manage their tenancies.

Despite the implementation of tenancy agreements, tenants continue to express confusion about their rights and responsibilities, particular points of confusion that the Panel commonly heard during consultations were:

- who to contact when things are broken
- rent setting and collection policies
- responsibility to notify the landlord about occupancy changes, and
- responsibility for yard maintenance.

5.4.1 Jurisdictions are now responding to these concerns

Jurisdiction governments have recognised tenant concerns, and tenant support and education are the key focus for tenancy management policies. Each jurisdiction is approaching this in a different way:

- New South Wales provided tenant education workshops to inform tenants about their rights and responsibilities. They also published a tenant-authored range of child and adult focused stories and comic books.
- Queensland has delivered more than 14,000 tenancy support services to improve tenants' understanding of the system. Queensland also uses a 'Blue Phone' system to enable swift communication between tenants housing authorities (see Box 5.3).
- Western Australia, 100 per cent of tenants are provided with tenancy rights and responsibility training within two months of signing a tenancy agreement.
- In South Australia, local employees are paired with a more experienced staff member to assist with translating and discussing tenancy obligations.
- The Northern Territory has implemented standardised tenancy management arrangements based on public housing standards. Successes have been achieved with Tenancy Management Services contracts that provide for locally based Community Housing Officers to deliver tenancy support and advice.

Box 5.3: Queensland's Blue Phone System



Coordinating maintenance is challenging in remote circumstances, especially when a community lives across water, like in Moa Island in the Torres Strait. If community members cannot report their needs, it leads to high levels of unreported problems, which can lead to major remediation work.

Queensland has a Blue Phone for contacting the Local Housing Officer in Thursday Island to lodge housing maintenance requests. It is more popular than the mainstream 1300 number, which contacts Queensland Housing in Brisbane. The local line deals better with language barriers and technical questions.

This system is available throughout Queensland's remote communities. It is intended to put community members directly in touch with a Maintenance Call Centre staff member, no matter where they are.

5.4.2 Tenant recourse to enforce their rights has been weak and more work is needed on managing poor performing tenants

Consequences and enforcement of rights and responsibilities are important for both tenants and landlords. The Panel heard it is sometimes challenging for tenants to have access to recourse if landlords do not meet their obligations. There were examples of poorly maintained houses and tenants feeling powerless to take any action. Without outreach or advocacy services, tenants in remote areas are less able to access jurisdiction tenancy tribunals.

Community leaders, including traditional owners and significant numbers of senior women, many of whom are household heads, have lent support to the reforms and their level of participation and contribution to the development of good PTM is a result of the leadership they provided. It is important to have the backing of the right individuals when implementing policy change. The Panel is of the view that recourse for tenants with good records against poor landlord behaviour is a key underpinning of the credibility of tenancy reform.

Similarly, tenancy system credibility depends on resolute but fair management of poor performing tenants. Landlords (usually jurisdictions) need to follow through on sanctions set out in tenancy agreements. In the relatively small number of cases where tenant damage is deliberate, there are good practices occurring to better align incentives. A good example is the tenant damage penalties used in one New South Wales local land council (see Box 5.4).

The Panel was concerned that there are neither regional nor national fora for the effective sharing of examples of good practice.

Box 5.4: Tenant damage penalties in New South Wales community

A local land council on the Central Coast of New South Wales runs an Affordable Housing Program based on cost recovery. This Program sets a base rent for properties each year, including cost of rates, insurance, and cyclical maintenance. The Council reviews costs annually and adjusts property rents in line with the costs to run each house. If a tenant has taken poor care of their home and maintenance costs are higher than expected, rent is raised and lowered where costs are lower.

5.5 There have been positive changes to rental policy and practices but again, there is more to do

With the shift to ‘public housing like’ tenancy management systems through the Strategy, jurisdictions have introduced income-based rents with a cap – a policy closely aligned to urban social housing systems.

Each jurisdiction has approached rent policy differently, reflecting differences in mainstream social housing policies historical practice. For example, Western Australian officials reported communities struggled to adjust to paying rent, as before the Strategy no rent was charged. South Australia has

adopted a client-focused rental policy, with provisions such as waiving rent and maintenance debts accrued due to domestic and family violence.

Most jurisdictions have introduced policies that involve setting rent that is roughly 25 per cent of all tenants' income, capped at a reduced market equivalent rent, collected from a single head tenant.

Table 5.5: Jurisdiction by jurisdiction (continuing jurisdictions) – change in rents charged and collected since 2011

	Qld		WA		SA		NT	
	2011	2016	2011	2016	2011	2016	2011/12	2016
\$ average rent charged	\$42.92	\$88.22	\$57.15	\$93.78	\$3.60	\$52.92	\$57.03	\$115.42
% rent collected	107.88 %*	85.42%	54.96%	77.40%	99.20%	98.34%	89.96%	66.23%

* Qld over collection in 2011 was due to collection of previous rental arrears following the implementation of a new electronic tenancy management system

Source: Commonwealth administrative data

Average rents charged have increased in all jurisdictions over the course of the Strategy. From 2010-11 to 2016, average weekly rent per household has increased from \$32.44 to \$69.10. This has been a positive trend, as jurisdictions have been able to recover more of the costs of PTM.

However, at the same time the proportion of rent collected has decreased in some jurisdictions. South Australia is the only jurisdiction to maintain high collection of rent charged, though this may simply reflect the low level of rent charged. South Australian rents are almost \$40 per week lower than other jurisdictions. There is a wide variation between the rents jurisdictions charge, which would suggest some jurisdictions might not be charging optimum rates to balance recovering the costs of PTM and setting a fair amount for tenants to pay.

5.5.2 There are some specific challenges in rental reform

There are considerable differences and a lack of transparency about how rents are set. During consultations, tenants reported confusion about how rent is calculated. Communities were also concerned that, in many cases, the head tenant was left to pay the entire rent which caused financial stress for one person, despite often a much larger number of adults residing in the house. Instances were highlighted of head tenants having significant rental arrears debts against their name due to rents not being paid or due to tenant damage which may have been caused by other residents or visitors to the house.

Jurisdictions advise one of the main reasons for rental arrears is tenants cancelling automatic rent deductions through Centrelink or due to suspension of welfare payments. To address this issue, the Commonwealth and jurisdictions have been working to implement a compulsory rent deduction scheme to prevent tenants cancelling their rental payments. Once introduced, all residents of a

house who are earning an income from Centrelink can be put on the system to ensure rents are being paid by everyone.

There are also money management programs in place which could be better utilised to help tenants plan their budgets and alleviate financial stress. The Commonwealth separately funds financial counselling and capability services and provides practical tools to control spending through the Income Management and Basics Card program. The Basics Card operates across all of the Northern Territory and across various regions and trial sites in the rest of Australia, and is used by 340,000 people.

Given the importance of adequate rent setting and collection policies, the variation currently found across the jurisdictions, and the inequity of the head tenant model where multiple adults are living in a house, the Panel finds rent setting and collection policies to be an area requiring substantial further reform. Best practice approaches should be identified and applied.

5.6 There is a potential role for ICHOs in the future delivery of remote Indigenous housing

Before the Strategy, remote Indigenous housing was largely delivered by ICHOs under CHIP. The CHIP review found a number of issues with program delivery around a lack of regional focus, poor coordination and poor asset maintenance due to no recurrent funding. The review found this:

‘resulted in the creation of a large number of small, fragmented Indigenous Community Housing Organisations (ICHOs) as grant recipients that do not always collect adequate rent to fund their operations, prevent nepotism and favouritism, or ensure proper accountability. Over 80% of ICHOs manage 50 dwellings or less, the average rent collected is \$40 per week. Analysis has shown small ICHOs cannot operate viably on this basis to properly manage tenants and assets. Recent investigations by FaHCSIA have highlighted weaknesses in governance and accountability which make these problems worse.’³⁵

Jurisdiction governments made the operational decision to move away from using ICHOs under the Strategy. This was primarily due to the number of small and unsustainable ICHOs and inadequate funding for housing management. As a consequence a large number of, usually small, unsustainable and poorly run ICHOs collapsed.

Funding of \$400 million was provided to jurisdictions under the Strategy to bring remaining ICHOs up to standard and support them to acquire registration. In most jurisdictions funding was also provided to ICHOs to bring their properties up to standard through refurbishments. Jurisdictions largely provided funding to ICHOs which sat outside the Strategy’s delivery footprint, for example in

³⁵ PricewaterhouseCoopers (2007), *Living in the Sunburn Country: Findings of the Review of the Community Housing and Infrastructure Programme*, PWC, https://www.dss.gov.au/sites/default/files/documents/05_2012/livingsunburntcountry.pdf, page 18

regional towns. In order to receive funding, jurisdictions required ICHOs to sign up to reforms or, later, the National Regulatory System for Community Housing established in 2011.

ICHOs that chose not to sign up to reforms did not receive funding. This has resulted in a large number of houses being run by organisations not falling within regulatory schemes and with inadequate funds to continue to maintain ageing housing stock. In some cases houses are up to 50 years old and either an operating subsidy or refurbishments are needed for ICHOs to remain viable. If these ICHOs fail, housing stock will often fall to the jurisdictions to pick up, bring up to standard and manage, increasing pressure on already tight housing budgets.

Within the Strategy footprint, very few ICHOs remain operational. Where they are active, there are mixed outcomes. For example, for the small number of Councils running housing in Queensland, tenancy management performance has fallen behind government run housing in terms of rent collection and tenancy agreements in place. At the same time, community engagement and local employment has been high.

5.6.1 ICHOs would need to be well supported in remote housing delivery and prospects are likely to be best where severe overcrowding has been addressed

In theory ICHOs are well placed to work with their communities closely and respond to local needs and circumstances. Even after the history outlined above, there are, in fact, a number of successful and well run ICHOs.

During consultations, some communities expressed a desire to run their own housing. This could be one delivery option available to the jurisdictions; however it should not be used as an excuse by governments to decrease funding. The CHIP focused 'on capital expenditure at the expense of recurrent funding for asset maintenance resulting in a 'running down' of existing infrastructure.'³⁶ Care needs to be taken to avoid setting up another series of poorly funded, unsustainable ICHOs, with little oversight by jurisdiction governments.

Given the dearth of ICHOs across remote communities in Queensland, Western Australia, South Australia and the Northern Territory, any move to community housing should be deliberate and accompanied by capacity development. The National Regulatory System for Community Housing Providers provides a good basis for the capacity required to run community housing. Organisations need to be funded properly and be large enough to create efficiencies. Options include regional ICHOs or local ICHOs which are part of a larger community organisation. For example, New South Wales's 'Build and Grow Strategy' aims to slowly increase the portfolio and capacity of its larger community housing providers by transitioning stock when contracts expire until 2020.

³⁶ Ibid, page 18

As ICHOs are community housing providers, their tenants may be eligible to access Commonwealth Rent Assistance (CRA). This can increase the overall rental income of ICHOs, which would normally increase rents by the value of CRA. However for CRA to apply rents would need to significantly increase from the current rates jurisdictions charge in remote Indigenous communities, which range from an average of \$52.92 to \$115.42 per week. Current thresholds and rates are set out in Table 5.6.

Table 5.6 Commonwealth Rent Assistance rates as at March 2017

	Minimum fortnightly rent for CRA eligibility	Maximum payment if fortnightly rent is more than:	Maximum fortnightly CRA payment
Low end (single, no children, sharer)	\$116.20	\$232.29	\$87.07
High end (couple with 3 or more children)	\$226.24	\$457.15	\$173.18

Department of Human Services, <https://www.humanservices.gov.au/customer/services/centrelink/rent-assistance>, 20 March 2017

5.7 Key Findings

The implementation of PTM is critical. It cannot be considered secondary to addressing overcrowding with new houses. Without maintenance, new houses will not last and overcrowding will not be reduced.

Property management needs to prioritise the monitoring and maintenance of the health functioning of homes. A cyclical maintenance program is essential to reducing costs and increasing the life of houses.

There has been substantial progress in tenancy management over the course of the Strategy. However, there remain a number of issues: tenants, especially head tenants, and landlords are not always able to enforce their rights, which leads to frustrations and poor housing management.

Under the Strategy rents have increased but there is still variability between jurisdictions. Best practice in rent setting and collection must be found and applied.

ICHOs that are well supported and resourced can form one part of a suite of delivery options for remote Indigenous housing, and more can be done to develop this sector.

Transferring housing to ICHOs is not a solution to funding deficits. Care needs to be taken not to revert to large numbers of small, unsustainable ICHOs with inadequate funding to maintain houses.

6. Indigenous employment and business development outcomes

The Strategy aimed to ‘increase employment opportunities for local residents in remote Indigenous communities’. As a major infrastructure project, it held strong potential for generating local employment in remote communities, through initial construction, and ongoing maintenance and administration. During the consultation process, a community member recognised this potential:

‘Housing and employment are tremendous opportunities. There is a need for us to be strong. We can hire local people and can train them up. If we’re able to go steady then we can achieve things.’³⁷

6.1 Jurisdictions mostly reported they met employment targets

The Strategy contained targets for local Indigenous employment in capital works and PTM of 20 per cent in all jurisdictions, and 40 per cent for repairs and maintenance in the Northern Territory. Achievement was reported annually but outcomes were not tied to funding until 2016.

The data at Figure 6.1 shows that jurisdictions met their targets. However, there is significant variability in the way employment data has been reported, which made it difficult for the Panel to make direct comparisons or adequately assess performance against the benchmark. For example, the Northern Territory Government reported in full-time equivalent (FTE) positions, compared with the Queensland Government which reported in total hours worked for capital works activities (with the exception of the 2014-15 figure, which was for capital works, repairs and maintenance).

Table 6.1 – Indigenous employment rate % reported by jurisdiction, by year (both CW and PTM).

Jurisdiction	2009-10 %	2010-11 %	2011-12 %	2012-13 %	2013-14 %	2014-15 %
NSW	0	26.0	31.0	26.0	18.8	24.0
Qld	n/a*	35.8	60.0	67.0	84.0	87.0
WA	22	36.8	34.4	33.0	33.0	47.0
SA	20	37.3	36.0	28.0	25.7	14.0**
Tas	22	21.9	n/a	23.0	n/a	n/a
NT	32	34.0	29.0	28.0	n/a	30.0

* Queensland reports that no data was available for this period.

** South Australia reports not meeting its 2014-15 employment target due to high competition for local labour in that period.

Source: Jurisdiction Annual Status Reports

³⁷ Quote from Scott McIntyre, Thamarrurr Development Corporation, Panel consultations in Wadeye, 15/12/2016

In Queensland, officials reported the highest rate of Indigenous employment, showing a steady increase from 36 per cent in 2010-11 and reaching 87 per cent in 2014-15. In 2015-16, Aboriginal and Torres Strait Islander apprentices and trainees worked 101,040 overall core hours (across approximately 632 FTE positions), and 25,325 hours (across approximately 159 FTE positions), on social housing construction and other housing and infrastructure projects in remote and very remote Indigenous communities. The strong employment outcomes were largely supported by the Panel's observations on consultation visits.

Western Australian officials reported an increase from 22 per cent in 2009-10 to 47 per cent in 2014-15, although community members felt there were very few employment opportunities for them as a result of the program, particularly around PTM.

South Australia showed improvement, which was supported during consultations, except in 2014-15 when it did not meet the employment target, as it experienced a lot of competition for local labour. In 2014-15 in South Australia, 10.5 of the 14.5 FTE PTM positions in place across the three remote office locations, (servicing both mainstream and remote community housing) were filled by local Aboriginal staff.

While the Northern Territory's Indigenous employment rate has remained fairly steady, it has introduced an innovative program to support long-term employment and training through longer contracts and a larger service footprint. Over 2,000 Aboriginal Territorians had been employed through the Strategy. From 1 July 2016 to 31 October 2016, the target of 30 per cent has been exceeded, with total Aboriginal FTE employment of 56 per cent: capital works – 54 per cent Aboriginal FTE; tenancy management – 67 per cent Aboriginal FTE; and property management – 57 per cent Aboriginal FTE.

6.2 The Panel found good practice examples but local people say they missed out on jobs

There are many success stories of sustained employment of residents from remote Indigenous communities. Case studies such as the Travelling Wilburys, (see Box 6.2) demonstrate the innovative and flexible ways that employment of the local workforce can be developed.

Box 6.2: Innovative approaches grow employment opportunities in the Northern Territory

The Travelling Wilburys

In the Northern Territory, the New Future Alliance engaged a group of Aboriginal employees known as the Travelling Wilburys who worked in housing projects across the Northern Territory. The employees were from a range of remote communities and progressively joined the program. Generally, employees joined the program when it was delivered in their community and following completion chose to continue their employment. The Travelling Wilburys had the opportunity to gain qualifications, and develop broad, in-depth skills and knowledge. Providing a

pathway to employment supported members of the group to adapt to managing family, community and cultural obligations with mainstream employment conditions.

Galiwin'ku fast, slow build

When two cyclones destroyed 80 homes in the Galiwin'ku community in February and March 2015, 600 people were left without safe homes. People were forced into temporary accommodation, and the community's infrastructure was left devastated. The response, recovery and rebuild program was created to rebuild the community with a planned sequence of fast and slow-build constructions.

Fast builds allowed Galiwin'ku to meet extreme need – building houses quickly to populate many of the displaced and temporary accommodation for others. But the community also agreed to a series of slow builds to establish a longer term flow of construction to gain greater community benefit from local training and employment. This was a difficult decision as there were tensions between housing quickly and long-term opportunities. This was a great example of what can be achieved to maximise local benefits from a housing program. It can only be done with strong community engagement and leadership.

Women's Clean Teams

Another example of employment opportunity created under the Strategy is the all-women 'Clean Teams' in the Northern Territory. The teams were established to bring women into the program who would otherwise not have participated. The Clean Teams provided participants with the confidence to take on some of the upgrade work alongside the men.

Source: NT Government

There are also many examples outside of the Strategy. For example in 1999, in response to a lack of local maintenance workers, the Healthy Housing Worker Program was developed to train Murdi Paaki people in repairs and maintenance. The program was delivered in partnership with the New South Wales Government's Housing for Health program, and the Batchelor Institute for Indigenous Tertiary Education in the Northern Territory. As a result, maintenance costs were reduced, with a cheaper pattern of cyclical maintenance. The approach also achieved an estimated 40-60 per cent decrease in complaints about maintenance issues from tenants in communities with resident Health Housing Workers.

A Murdi Paaki employee said he observed a distinct advantage in employing local community members:

*'one of the big advantages from our point of view and from the tenant's point of view is that there is an employee of Murdi Paaki housing in the township... The people of that community... are more inclined to talk to them than they would be to us.'*³⁸

Despite these positive examples the Panel heard that communities were disappointed there was not more local opportunity, despite employment targets being achieved. The agreement was for 'local' employment, but Commonwealth and jurisdictions did not enforce this requirement. Service providers in Western Australia advised contractors were using urban-based workers to meet employment targets.

*'There are limited opportunities for local employment and capacity building of local and regional Aboriginal organisations and businesses.'*³⁹

6.3 Maintenance work is the significant opportunity for local jobs

This has been known for some time, predating NPARIH and the Strategy. Similarly it has long been argued that stretched repairs and maintenance budgets will be more efficiently spent if local employment can be maximised.⁴⁰

6.3.1 Jurisdictions stressed their efforts to maximise local employment

In 2013-14, the Northern Territory Government introduced a cluster model for the delivery of PTM services, with four and a half year contracts offered to successful tenderers. The longer contracts, combined with a larger service footprint for each of the clusters, have supported long-term employment and training. Currently, an average of 100 Aboriginal employees, are engaged by PTM contractors across 72 remote communities.

The South Australian Government has created a separate contract delivering maintenance on the APY Lands (383 properties) and, from 2017, the contract will deliver maintenance to all government assets on the APY Lands, providing a volume and scale of work that will support greater local employment opportunities.

There are also some examples of local jobs in tenancy management, although not all communities wanted to lead their tenancy management. There were concerns raised in consultations,

³⁸ NCVER, 'Growing the desert: Educational pathways for remote Indigenous people – Support document', Australian Government, 2007 p.13

³⁹ Submission to the Review by Aboriginal Peak Organisations Northern Territory

⁴⁰ Pholeros & Phibbs, *Constructing and maintaining houses*, 2012, Closing the Gap Clearinghouse.
<http://www.aihw.gov.au/uploadedFiles/ClosingTheGap/Content/Publications/2012/ctgc-rs13.pdf>

particularly in Western Australia, about the pressure put on local community members when making decisions around allocations and evictions of fellow community members.

In 2012, Queensland created local housing officer roles to support the standardisation of tenancy management in Strategy funded communities. The positions are recruited from the communities, with 11 currently filled. Unlike short-term construction jobs for capital works, which end once the houses are built, employment in PTM is ongoing. This represents the most stable and sustainable employment pathway for local people in remote Indigenous communities.

6.3.2 However, the Panel heard several accounts of frustrated possibilities

Non-trade jobs, such as handyman works for simple repairs and maintenance, or administrative roles were being supported in the Murdi Paaki region in New South Wales through education provided by the Batchelor Institute. However, the Panel heard that the program funding the repairs and maintenance work was defunded.

The Panel heard from local business and council leaders around Ceduna in South Australia, about a big effort that they put in to training local people to play a role across construction and maintenance. Unfortunately for this effort, the South Australian Housing Authority decided there was not the scale in the Ceduna area to support a standalone business effort and the jobs have now gone to trades-based businesses coming from Port Lincoln.

6.3.3 There were complaints that the two year planning and retendering cycles in the Strategy exacerbated these challenges

Jurisdiction officials stressed that the requirement by the Commonwealth for constant retendering made it very hard to establish the longer term plans needed to develop local employment structures.

While the Panel is critical of that practice and its impact on planning in general and of local employment in housing construction teams, we were not inclined to accept this explanation for the failure more comprehensively to employ local workforce for PTM, especially repairs and maintenance. We understood PTM was not in the retendering process.

In addition, there is a challenge with long-term jurisdiction maintenance responsibility under this Commonwealth funded building program. With such a big building program underway, social housing managers (overwhelmingly the jurisdictions) could be in no doubt about the need for long-term and sustainable structures and workforce to maintain housing. This has to be a need regardless of planning rounds with remaining Commonwealth construction funding. The need for a different funding and governance model (not solely dependent on Commonwealth funding) is covered in subsequent chapters.

6.4 There have been mixed results in business development and procurement policy

In Western Australia, contracts are awarded to organisations that have a minimum of 20 per cent Indigenous employment within their workforce. The Western Australian Government has also provided support to small and medium sized Indigenous businesses, with more than 35 per cent of the works contracted to Aboriginal-owned or managed businesses. In the Northern Territory, currently 24 per cent of the construction contracts and 31 per cent of PTM contracts are held by Indigenous businesses.

While there have been some achievements in local Indigenous business engagement, both Northern Territory and Western Australian officials reported it has proven difficult to create a viable Indigenous suppliers market due to limited capacity in local suppliers, the rapid timeframes, large build expectations and short-term nature of program delivery in remote communities.

Although there were frustrations, Queensland reported that six Indigenous owned companies had been engaged from 2014-16 to undertake new construction, provide electrical and cabinet making services, and deliver maintenance and refurbishments. In South Australia, since 2012, an Indigenous business has received contracts for construction works in that jurisdiction and has received support for workforce capacity building and achieved local employment rates of 49 per cent.

In its submission to the Review, the Australian Local Government Association suggested that local service providers were not successful in being awarded contracts, while urban and regional contractors were. Short term funding cycles limited and interrupted use of local business. Queensland mayors expressed frustrations at the short term nature of contracts, limiting their ability to build capacity and develop local workers they could use to complete construction.

Box 6.3: Gumatj Corporation develops successful businesses to take advantage of investment

The Gumatj Corporation based in Gunyangara is an Indigenous owned business that generates employment opportunities and supports the education of the Yolngu people. It currently employs 67 local people. Gumatj manufactures materials such as roof trusses, cement and bricks, and a range of quality furniture and hand crafted homeware. The employment success of Gumatj is a result of understanding the community and workplace practices, providing flexibility for working outside of standardised 9am-5pm hours, and offering incentives for working including accommodation.

Strategy funding has enabled the Gumatj business to build its capacity, capitalise and set up a viable business that continues to win competitive tenders for a variety of projects. For example, Gumatj established a concrete block facility and a truss assembly facility in Nhulunbuy (both employing local Yolgnu in Nhulunbuy) to supply materials for the major construction happening in Galiwin'ku, with both fast and slow builds.

6.5 Procurement policies need to be of a high standard

To achieve higher levels of Indigenous business outcomes, more sophisticated planning cycles and procurement practices could encourage the development of small emerging businesses and investment in the training of local workforces.

Governments have been reluctant to set affirmative procurement policies for a long time, however, the Commonwealth and Northern Territory currently set high standards by implementing Indigenous procurement policies. Procurement policies should allow for smaller parcels of work to be more frequently awarded to support the development and building of capacity of small, emerging businesses.

Box 6.4: Examples of Procurement Policies

Commonwealth Indigenous Procurement Policy has three main parts:

- a target number of contracts that need to be awarded to Indigenous businesses by 2020
- a mandatory set-aside for remote contracts and contracts valued between \$80,000-\$200,000, and
- minimum Indigenous participation requirements in contracts valued at or above \$7.5 million in certain industries.

In the 2015-16 financial year, targets were exceeded awarding 1,509 contracts, valued in total at \$284.2 million to 493 Indigenous businesses. This compares to Commonwealth contracts valued at around \$6.2 million awarded to Indigenous businesses in 2012-13. This is almost 46 times the value of Commonwealth procurements with Indigenous businesses in previous years.

Source: <https://www.dpmc.gov.au/indigenous-affairs/economic-development/indigenous-procurement-policy-ipp> accessed 3 March 2017

Northern Territory Remote Contracting Policy has three main parts:

- setting employment and business targets
- new contract planning requirements, and
- providing professional services support to local Aboriginal businesses.

If successful, this year the Northern Territory will award 70 per cent of remote contracts to local tenders; it will also award five contracts to contractors which demonstrate a joint venture with local Aboriginal business for contracts over \$5 million.

Source: <https://dcm.nt.gov.au/supporting-government/office-of-aboriginal-affairs/remote-contracting-policy> accessed 3 March 2017

In addition, supply side interventions will be required if these policies are to be successful. With better planning and a greater focus on regional planning across sectors, governments could also support capability and governance training to lift capacity of local Indigenous suppliers.

An important component to the Northern Territory procurement policy is the focus on business support. This provides a further opportunity for TAFEs and Community Development Programme (CDP) providers to develop programs to best support emerging businesses. For remote housing, the best opportunities for business are the ongoing works like repairs and maintenance.

6.6 Key Findings

The Strategy has provided Indigenous employment opportunities but more can be done to engage and train, especially local workforces.

The most significant opportunity for ongoing local employment is repairs and maintenance. Local employment in repairs and maintenance can help reduce the cost of delivering housing.

There have been some good examples of Indigenous business engagement under the Strategy.

Indigenous procurement policies and capability building will assist to increase business engagement.

Longer term funding cycles, not as dependent on Commonwealth funding, can assist local businesses in their own development and offer long-term training and employment opportunities.

7. Governance

7.1 The framework governing the Strategy set up tension about transparency and accountability

The Strategy was negotiated following the agreement by COAG in 2008 to introduce the Intergovernmental Agreement on Federal Financial Relations (IGA FFR). The new framework guided the negotiation of the Strategy as well as other relevant agreements.

The IGA FFR framework is the single most significant change in federal financial relations for decades. The overarching driver for applying the new IGA FFR was to improve government services delivered by the jurisdictions using Commonwealth funding, by increasing the focus on the desired outcomes, decreasing Commonwealth prescription of the delivery approach taken by the jurisdictions, and more clearly specifying respective roles and responsibilities.

But the negotiation of new agreements under the IGA FFR required all governments to understand the implications of the framework and to adjust to a new operating environment.

‘While ultimately many of the ideas and intent behind the IGA FFR were on the right track—to create a national framework for the way governments work together, how funding is transferred, and high levels of transparency and accountability for how all governments perform against that framework—...the theory did not translate into practice.’⁴¹

The development of the Strategy is illustrative of these issues. The expectation the Commonwealth would be more ‘hands-off’ did not gel well with a program, which is by nature complex and detailed, managing large scale capital works. These tensions escalated with intense scrutiny of the performance of governments in addressing the housing problems in remote communities.

The need to renegotiate the Strategy at numerous points in many respects reflected that the nature of the original agreement did not establish clear oversight and shared goals under the program, nor the Commonwealth’s desire for greater visibility and control over outcomes.

It also created an opportunity for successive governments to use this to redefine the problem and objectives. While the agreement improved through these renegotiations, the fundamental weaknesses in the governance and operating arrangements between governments resulted in a number of issues.

⁴¹ Reform of the Federation Discussion Paper, p.22

7.1.1 High level controls for the Commonwealth and immense public scrutiny led to political intervention, administrative ‘work-arounds’ and perverse outcomes

The Commonwealth’s introduction of the Competitive Bids Process in 2009 as described earlier (see chapter 4) gave the Commonwealth greater transparency over value for money for the delivery of capital works but distorted jurisdiction decision making, particularly at the local level, and undermining long-term planning and capability building.

7.1.2 Financial risks were not shared

No funding commitments were required of the jurisdictions under the Strategy. While jurisdictions report that funding was provided for housing infrastructure and services, it was not through the structure of a joint program. A genuine financial partnership between the Commonwealth and jurisdictions would have sharpened jurisdictions’ attention on delivering outcomes, provided incentives to put in place quality PTM systems, encouraged efficiency of administration and reinforced shared policy responsibilities.

7.1.3 Fundamentally, the reporting framework did not provide the transparency necessary to monitor a housing program

Transparency between the Commonwealth and jurisdictions was not as good as it should have been. While there was detailed reporting on milestones set for the program, there were no overarching performance measurement tools to ensure the right information was collected to scrutinise broader program performance. This reflects the limited reporting requirements in the Strategy, consistent with the broader goals of the IGA FFR reforms to reduce reporting burden and red-tape. Reporting from jurisdictions supported milestone payments and informed outcomes, consistent with the IAG FFR, however, the definitions that underpinned reporting differed across jurisdictions. Further, the Agreement did not require independent acquittal of all funding provided from the Commonwealth to the jurisdictions.

The Panel asked the Department of the Prime Minister and Cabinet to provide its analysis of how the funding provided to jurisdictions had been spent. The Department was able to provide aggregate information on expenditure, milestones and outcomes, but did not have the necessary information from jurisdictions to acquit detailed expenses.

Under the IGA FFR framework and the Strategy agreement, jurisdictions are not required to report this level of detail. Indeed, when the Panel asked the jurisdictions about the expenditure of the identified funds, officials were happy to provide detailed acquittal of all funds to the Panel.

Information received from the jurisdictions by the Panel suggests all funding was spent on housing activities; however, these activities were broader than the unit price reporting conducted by the Department of the Prime Minister and Cabinet and included essential activities such as on site

preparation, workers camps, head works, other infrastructure and a small amount on project management.

The Panel was concerned the differences between the Commonwealth and jurisdictions in approaches to understanding reporting and expenditure frustrated, rather than enabled, the kind of attention to practical issues that should have been the core of such a complicated and ambitious building program. Commonwealth-jurisdiction arrangements need to be fashioned for future remote Indigenous housing (and other analogous) programs that facilitate collaboration, shared planning and problem solving.

7.1.4 here was little incentive for collaboration across governments

The Panel was surprised to see so little evidence of fora where officials, professionals and local leaders worked together, to share best practice.

While agreements under the IGA FFR are intended to be multilateral, the Strategy was in effect a series of bilateral relationships. Multilateral fora on PTM, ERA, home ownership and employment existed early in the program. These gave jurisdictions an opportunity to discuss experiences and better practices, and the Commonwealth to provide leadership and policy direction. But these fora did not last. The bilateral focus has meant there has been little structured collaboration on best practice, technical innovation, and program administration in the last few years.

7.1.5 The focus of Commonwealth-jurisdiction engagement was not at local or regional level but between capital cities

Community consultations highlighted frustrations when local people were engaged late in the process and were often the last to know about capital works. Community engagement can enhance the quality of infrastructure and housing plans, help prioritise specific housing needs, address issues earlier, and support local employment and business outcomes.

The nature of the Commonwealth-jurisdiction agreement governing the Strategy focussed the relationship at the wrong level, haggling between capital cities, not jointly fixing plans and not addressing problems in the regions and communities. This was diametrically at odds with the crucial engagement needed with local government, community organisations, regional authorities and businesses.

7.2 A focus on shared responsibility can strengthen governance

The most effective governance will be arrangements where there are strong partnerships, with common goals, shared planning and responsiveness to the local context. The risk of a one-size-fits all approach would be minimised. A long-term, coordinated effort between governments to ensure plans are aligned would avoid duplication in effort and wasted investment.

7.2.1 Regional governance structures would facilitate collaboration between governments and the local community

The Panel has considered the best model to govern the delivery of social housing in remote Indigenous communities. What is needed is a shift from capital city based haggling over data sets and finances to regionally and locally based fora where officials from the national Indigenous administration and jurisdiction housing administrators jointly engage in much more granular and focussed discussions. Far from being limited to outcomes' data, Commonwealth Indigenous Affairs officials need to see and understand how the program is rolling out on the ground.

Development of community level plans would encourage the process of setting out of clearly defined roles and responsibilities for decision-making and delivery at a local level, as well as formal mechanisms for consultation with communities. The Strategy would have worked better if communities had visibility over how the program was being managed and were able to hold governments to account. The involvement of local government is also essential as they are well placed to provide local insight and represent community views.

The Panel's view is that regional governance structures would be the most effective – would have been for the Strategy and will be for the next program, going forward. Regional governance fora should include regional management from both levels of government, local government and community leadership from each region, and training authorities for that region. Regional governance could draw on existing local structures instead of establishing additional new bodies, where it makes sense to do so.

The principle is that regional fora should be transparent with no incentive to withhold relevant program information. Data could be collected and aggregated to provide a more accurate picture of performance at a regional, jurisdiction and national level. Transparency for all levels of government and the community is important for program delivery. Good administrative design would have the performance information necessary to acquit obligations between levels of government and be the by-product of the information needed to run the program effectively in each region.

The establishment of Australian Primary Health Networks (PHN) and the Local Health Networks (LHN) (regional structures with consistent boundaries in jurisdiction health system administration) demonstrate how arrangements can be put in place to align goals and planning and delivery effectively across Commonwealth and jurisdiction agencies.

The health analogue also demonstrates that administration can be set up by leaders in Commonwealth and jurisdiction governments aside from (and more important than) the more sterile, traditional Commonwealth-jurisdiction structures and instruments. PHNs and LHNs will collaborate and change health delivery in the field. Regional Indigenous housing governance could do the same.

7.2.2 A specific case: New South Wales has left the Strategy but residual concerns from regional New South Wales remain and were presented to the Panel

Under the Strategy, New South Wales delivered a total of 263 new houses and 1,009 refurbishments. New South Wales was able to 'fix and make safe' more than 95 per cent of its remote housing, but this work did not include major upgrades or significant improvement to amenity. As a consequence, there has been a lot of public criticism about the quality of works carried out in New South Wales. Representatives of the Murdi Paaki Regional Assembly met with the Panel and raised serious concerns about the administration of the Strategy and of social housing in its region over a long period of time. Complaints included that:

- there are an inefficient number of tenancy managers in Murdi Paaki, with several operating in most of the towns
- the program is run out of Sydney, with no local presence of the New South Wales Government Aboriginal Housing Office (AHO), and
- a local handyman course run by Batchelor used to support the Murdi Paaki Housing Company to employ local people to do maintenance work, with a grant from the Commonwealth. That grant stopped long ago – those local people are now unemployed and the AHO uses a preferred provider from Dubbo.

In 2016, New South Wales negotiated to exit the Strategy to enable a more flexible allocation of funds according to need. The Commonwealth made the exit conditional on New South Wales accepting ongoing responsibility for remote Indigenous housing, and delivering \$15 million to the Murdi Paaki region over three years.

It is important New South Wales honours the agreement with the Commonwealth and that the \$15 million be delivered in the Murdi Paaki region. The Panel would also urge the New South Wales Government to engage with the Murdi Paaki Regional Assembly and establish a regional forum to govern the program in the far west of the jurisdiction, as we are recommending for other jurisdictions.

7.3 Key Findings

The establishment of an outcomes-based framework for remote Indigenous housing under delivered.

There were challenges with the governance of the Strategy, including poor transparency, a poor distribution of risk between the Commonwealth and jurisdiction and limited sharing of better practice.

Strategies that officials and ministers developed to work around the limits of the framework imposed by 2008 federal financial relations reforms have had a number of perverse effects that have exacerbated implementation problems.

A regional governance structure where the Commonwealth and jurisdictions share risk and responsibility, with local government and community organisations involved, would improve program performance. A partnership approach where all parties are sharing information can improve outcomes at a regional level and improve oversight over the program at a national level.

The Commonwealth should hold New South Wales accountable to honour the agreement to deliver \$15 million of works into the Murdi Paaki region over three years.

8. Financing

8.1 Maintenance costs for remote housing cannot be recovered through rental income alone

Governments have been the primary source of funding for housing in remote Indigenous communities. Remote housing has substantial ongoing resource needs and there are limited opportunities to recover costs through rent or other charges. While there may be potential for public-private finance models in the long-term, there are structural barriers that currently prevent these models.

8.1.1 Remote housing costs are significantly higher than other social housing

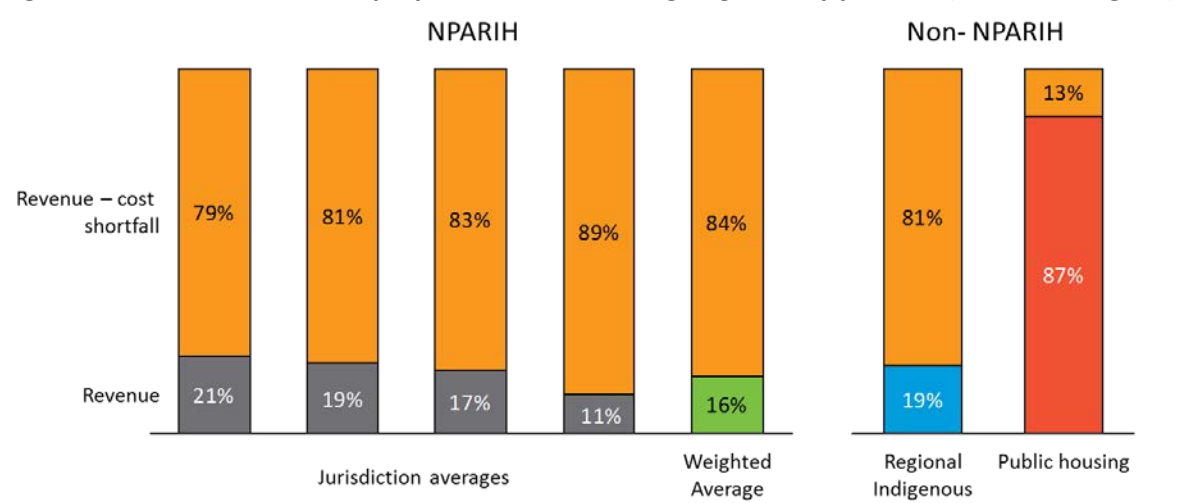
High structural costs have been a long-term feature of remote housing.⁴² Recent analysis of jurisdiction budget projections by Nous Group show that in urban social housing expenditure on ongoing management of properties can be largely offset by rental revenues. In contrast, on average only 16 per cent of the recurrent costs of maintaining remote housing stock are covered by rental income.⁴³

This is an estimate based upon data provided by the Queensland, Western Australia, South Australia and Northern Territory Governments for projected 2017-18 budgets (one jurisdiction provided 2015-16 costs). It includes recurrent maintenance, capital upgrades, and other expenses such as council rates, motor vehicles, travel costs and administrations costs. It does not include depreciation, and does not include tenancy management costs such as tenant support or rent collection. It does not factor in the initial capital costs of building houses. While this data has limitations as it is based upon projections, it gives a good indication of the quantum of the government subsidy required for ongoing remote Indigenous housing management. This is a substantial revenue-cost shortfall.

⁴² Habibis et al, Reviewing changes to housing management on remote Indigenous communities, AHURI, 2016; J Fien, E Charlesworth, G Lee, D Baker, T Grice & D Morris, Life on the edge: housing experiences in three remote Australian Indigenous settlements, Habitat International 35(2):343–9, 2011; J Fien & E Charlesworth, 'Why isn't it solved?' Factors affecting improvements in housing outcomes in remote Indigenous communities in Australia, Habitat International, 36, 2012; Pholeros & P Phibbs, Constructing and maintaining houses, Resource sheet no.13 produced for Closing the Gap Clearing House, Australian Institute of Health and Welfare, 2012

⁴³ Nous Group (a), 2017, An efficient price for the operational cost of providing social housing in remote Indigenous Australian communities, Report commissioned for the Review

Figure 8.1: Rental income as a proportion of annual ongoing cost, by per cent (2017-18 Budget⁴⁴)



Source: Nous Group

View the [text alternative for Figure 8.1](#)

The difference in shortfall between public housing and remote Indigenous housing is explained mostly by a much higher cost of housing provision in remote Indigenous communities.⁴⁵ Higher costs account for 80 per cent of the difference in shortfall between public housing and remote Indigenous housing, with lower rental collections accounting for 20 per cent of the difference.

8.1.2 Even best efforts to reduce costs will not be sufficient to address the shortfall

While there are improvements that can be made to remote housing delivery that will achieve cost savings, these will not be sufficient to overcome the substantial shortfall. The Nous Group, in its report for the Review, tested scenarios based on reduced costs and increased revenue (from rental collections) and found no prospect of eliminating the financing shortfall in operational expenditure for providing social housing in remote Indigenous communities.

Nonetheless, Nous Group’s testing of sensitivities does show that material savings are possible, especially from reduced costs in PTM, provided those are not achieved by reducing cyclic preventive maintenance (which would result in accelerated asset deterioration and increased depreciation costs). The Panel supports governments working together to set targets for joint work to minimise the financing shortfall for operational expenditure and committing funding to reduce the shortfall into the future.

⁴⁴ Data for one jurisdiction is 2015-16 figures

⁴⁵ Increased maintenance costs are the result of remoteness, isolation, and the associated costs and challenges in servicing them. Shortened asset lifecycles due to harsh climatic conditions, and in some cases, inappropriate build compound these costs

8.2 The Review explored the viability of social impact investment

The high costs of constructing houses in remote areas are not reflected in asset values. There is a shortage of potential buyers prepared, or able to, pay a market value for houses that even comes close to the cost of constructing and maintaining the houses. The depreciation of these housing assets over time due to the absence of a housing market and declining asset conditions also prevent a viable rate of return.

This lack of financial return has been a barrier to any private sector financing to date. The Review also commissioned Nous Group to investigate the opportunity to attract private investment through social impact investment approaches.⁴⁶

Social impact investments are investments made with the intention of generating measurable social and/or environmental outcomes in addition to a financial return.⁴⁷ Recent major government reviews recommended governments investigate moving towards a social impact investment model for funding some social services.⁴⁸

When successful, social impact investments can both source capital external to governments to support the particular program and enhance effectiveness and efficiency through a focus on outcomes and private sector governance disciplines.

8.2.1 There are two main classes of social impact investment mechanisms to be explored

- **Social impact bonds** are a compelling instrument to attract upfront investment and target the achievement of specified social outcomes. Typically, a social impact bond is structured as a partnership between government, investors and service providers. For example, investors provide the upfront payment for a provider to deliver a remote repairs and maintenance service, receiving a repayment of the investment plus returns from government, based upon the achievement of an agreed social outcome such as improved health conditions and reduced health costs of the population serviced.
- The government could stimulate **direct investment** in a social enterprise for tenancy management or maintenance, increasing the pool of available finance for remote Indigenous housing delivery. The role of government is to establish the appropriate market

⁴⁶ Nous Group (b), 2017, Possible social impact investment strategies to finance remote Indigenous housing in Australia, Report commissioned for the Review

⁴⁷ Australian Government Treasury, Social Impact Investment Discussion Paper 2017, http://www.treasury.gov.au/~media/Treasury/Consultations%20and%20Reviews/Consultations/2017/Social%20Impact%20Investing/Key%20Documents/PDF/Social_Impact_Investing_DP.ashx

⁴⁸ Department of Social Services, Review of Australia's welfare system 2015, <https://www.dss.gov.au/review-of-australias-welfare-system>; The Australia Government Treasury, The Financial System Inquiry 2014, <http://fsi.gov.au/publications/final-report/>

mechanisms, incentives and regulations to enable this investment. Part of this role could include the government acting as the first loss investor in a tiered debt structure to provide external investors with the required risk-return ratio to meet their requirements for investment.

8.2.2 Social impact investments will be more successfully trialled in less challenging social housing contexts

Nous Group's report for the Review concluded these mechanisms would not be a significant contribution to financing in the particular physical, social and economic environment confronting remote housing in Indigenous communities.

The establishment costs are high and the lack of returns still presents a barrier to investment in remote Indigenous housing. There are few providers who service remote areas and these are typically small and with limited capacity for private investors to partner with. Underlying these challenges is an absence of people prepared or able to pay anything like the cost of building quality housing in remote communities and of a market through which those that might, could trade their assets.

On the other hand, social impact bonds have a theoretical attraction for how they could be used to target the achievement of specific outcomes. Nous Group provided a conceptual example of using social impact bonds to support parts of the task of housing provision through investment in providers that would deliver maintenance of housing stock.

For example, such an approach has the potential to ensure houses are maintained at a standard that meets the 'critical healthy living practices' set out in the National Indigenous Housing Guide, and at the same time improve health outcomes. Improved housing quality has been linked to reduced hospital separations due to infectious disease and when done well can reduce health costs, at least at the household level.⁴⁹

However, the challenge is capturing the benefit through a mechanism to retrieve 'saved' expenditure from a health system that struggles with unmet need. If captured, the savings to the health system could be used to repay investors. The problem is that the savings will be extraordinarily difficult to capture across government (housing and health / Commonwealth and jurisdiction) silos, especially when there is unlikely to be quantifiable savings with respect to the health care needs of Aboriginal and Torres Strait Islander people from remote Australia.

The Panel's conclusion, drawing on that of the Nous Group report commissioned, is that impact investment financing is indeed worth developing in the social housing area, but that much greater

⁴⁹ J Standen, Closing the Gap: 10 Years of Housing for Health in NSW, NSW Health, 2010

prospects exist in regional or urban social housing, where there are more aspects of potential market returns present.

8.2.3 Social impact investment approaches, even over the longer-term, will not remove the need for government funding

Social impact investment will still require government funding to incentivise the private sector and overcome the high risks and lack of return in remote housing. More importantly, social impact investment will not replace the core role of governments in service delivery and the commissioning and funding of services. What social impact investing can do is shift the capital at risk to the private sector for poor delivery outcomes, but with this will be a need for a higher return when outcomes are achieved.

Social impact investing is in its infancy. The analysis by Nous Group concluded impact investment is an attractive and positive vehicle for diversifying investment and should be tested in social housing in urban and regional city markets before it can reasonably be expected to make a difference in remote Indigenous communities. The Panel agrees that before these public-private financing models could be considered in the challenging remote housing context, they need to be first trialled in more favourable markets.

8.3 Key Findings

Continued investment by governments will be required beyond 2018, at least in the maintenance of existing tenancies, where there are limited opportunities to recover costs through rent or other charges.

Governments should work together to set a target for reducing the minimum cost of taxpayer subsidy for the operational expense of running social housing in remote Indigenous communities.

High costs prohibit financial returns and mean funding is required for a remote housing program to be sustainable, even with improvements to PTM.

Government funding could be used to develop impact investment financing models, but this needs further exploration and trialling in less unfavourable markets, before it would be sensibly trialled in a remote context.

9. Future Directions – Panel recommendations

The Strategy has made a significant difference to the lives of many families in remote Indigenous communities. A long-term investment in remote Indigenous housing is needed for additional houses and to maintain existing stock.

Our recommendations build on the lessons learned from the Strategy and previous investment.

Recommendation: A recurrent program must be funded to maintain existing houses, preserve functionality and increase the life of housing assets

Houses that are not well-maintained fall out of commission quickly and do not provide their basic function of supporting the health and wellbeing of tenants. While overcrowding is present, the need for maintenance is even greater.

Future funding is needed from governments as the costs of housing cannot be covered by rental income or other forms of investment due to market factors. Governments should work together to set a target for reducing the taxpayer subsidy for running social housing in remote Indigenous communities.

Ongoing funding, at least to maintain housing created, will protect the \$5.4 billion investment already made under the Strategy. Without this funding, the Panel is confident houses will quickly fall out of commission, wasting the Strategy's progress.

To avoid creating two classes of housing in communities, a future agreement should include repairs and maintenance of all dwellings in remote Indigenous communities, not just those built or refurbished under the Strategy.

Recommendation: Investment for an additional 5,500 houses by 2028 is needed to continue efforts on Closing the Gap on Indigenous Disadvantage

The investment under the Strategy has improved the life outcomes of many Aboriginal and Torres Strait Islander families, but problematic overcrowding still exists and the population is growing.

An additional 5,500 dwellings are needed, to address current levels and the potential for a return to higher overcrowding levels due to population growth if efforts are not maintained.

An additional 5,500 dwellings are projected to further reduce overcrowding to a level of 25-30 per cent by 2028 and as such will continue to support efforts for Aboriginal and Torres Strait Islander people and Closing the Gap.

Recommendation: The costs of a remote Indigenous housing program should be shared 50:50 between the Commonwealth and the jurisdictions

Under the Strategy the Commonwealth was the sole funder of the program which meant jurisdictions lacked skin in the game and the Commonwealth reacted to protect its interest by introducing a series of processes that had unintended consequences.

A genuine financial partnership between the Commonwealth and jurisdictions would focus the attention of both levels of government to the delivery of outcomes, not outputs. Shared responsibility for funding would establish a partnership that works toward shared goals.

If responsibility for funding is shared, then both levels of government have incentives to run an efficient program.

Recommendation: Establish a regional governance structure to facilitate better administration of the program

Commonwealth and jurisdiction governments need a way of working with each other and with communities that facilitates management of an inherently complex program. All parties should be able to contribute information and perspective to help guide sound decision making.

A regional governance framework would facilitate more effective collaboration between Commonwealth, jurisdiction and local governments, and communities. It would have the added benefit of bringing planning and decision making closer to the ground and would create a more responsive program. In addition, communities that can organise themselves will have a formal mechanism for input.

Bringing local government into the governance structure means the community and region would have a greater stake in the success of the program.

Recommendation: A higher level of transparency is required: a sound performance framework and information processes that are relevant to individuals and communities, and derivative of the information that is needed for regional governance of the program

One of the key failures of the Strategy was its information collection.

Improved transparency would foster mutual responsibility for all parties to identify problems and share solutions. It is important the reasons for decisions are known and all parties are incentivised to find innovative solutions to local problems.

By focusing on collecting data that is needed for decision making to serve overarching policy, performance indicators for the program as a whole can be developed that have real meaning in terms of the achievement of better and sustained housing amenity for Aboriginal and Torres Strait Islander people living in remote Australia.

Recommendation: Best practice fora should be established to share information across the Commonwealth, jurisdictions, regional governance bodies and service providers

To improve housing delivery, best practice, challenges and experience need to be shared. Multilateral fora between the Commonwealth and jurisdictions to share experiences are important. There should also be opportunities for regional governance bodies, service providers and community leaders to share their learnings.

Best practice fora should consider housing experiences outside communities and jurisdictions funded by the Strategy. Other jurisdictions, and urban and regional housing providers should be included in broader discussions for best practice in social and Indigenous housing.

Recommendation: A minimum five year rolling plan for the program should be established

The two year timeframes introduced as part of the competitive bids were too short for proper planning and undermined the effectiveness and efficiency of jurisdictions' efforts to deliver the Strategy particularly for housing construction.

A minimum five year rolling plan for the program should be established with proper mechanisms for performance management and information systems as outlined in the previous recommendations.

A program that retains the intended long planning cycles in practice would enable better decision making and flexibility to respond to local conditions, incentivise investment in better systems, improve coordination between service providers and administrators, achieve economies of scale, and support the development of additional capacity and training of local workforces and businesses.

Recommendation: Regional sample surveys (using the survey–and–fix methodology of the Fixing Houses for Better Health program) must form a core part of the regional governance and monitoring strategy

A recurrent, proactive maintenance program is fundamental to preserve functionality and increase the life of existing housing assets in remote Indigenous communities. Cyclical maintenance programs must be developed more consistently across the program.

This should be reinforced by a requirement for regional sample surveys using the survey-and-fix methodology of the Fixing Houses for Better Health program.

The long-term cost of property management is decreased by having a cyclical maintenance program in place. Data from the surveys would enable the governance structure to make sound and evidence based policy decisions about delivery of the program and to develop long-term plans for additional construction, conduct repairs, and establish a recurrent and proactive maintenance program.

Recommendation: Details about certification of properties (at all stages of building, and for life after acceptance and tenanting) should be reported to the governance structure to ensure construction in remote communities is compliant with the appropriate building and certification standards and sub-standard builders are eliminated

Housing in remote communities must be built and upheld to the same effective standard as in urban areas. Compliance with existing Commonwealth and jurisdiction legislation for housing standards and the National Indigenous Housing Guide (that lifts the standard to that appropriate for remote areas) is not negotiable. Regulation of housing standards needs more assertive management across the project management life cycle – planning, project delivery, acceptance and post-acceptance functioning.

Certification of houses should be robust and require a level of compliance appropriate to remote environments, delivering the same amenity as applies for houses in urban areas. All non-arm's length certification arrangements should be eliminated and independent scrutiny that houses meet standards post acceptance and for years after tenancing would add rigour.

This rigour will ultimately improve conditions for Aboriginal and Torres Strait Islander people, improve health and other social outcomes and will ultimately reduce costs and protect governments' investment over the longer term.

Recommendation: The regional governance bodies should work with local employers to plan how to develop the local work force and create more local employment

The employment opportunities that arise from housing construction and maintenance activities have provided positive outcomes for communities in some areas. There is scope to increase efforts and derive benefits more broadly.

Where possible, local employment opportunities should be maximised and the local labour force developed in partnership with local businesses and councils. A regional governance body should work with local businesses or councils as potential employers, and with regional training organisations, to develop a plan to train and develop the local labour force and businesses.

Where local people are employed by local businesses or councils to do the work, it can reduce the cost of delivering PTM and improve the timeliness of response.

Recommendation: Comprehensive planning across governments, involving local communities, is essential for the next remote Indigenous housing national program

Town and community planning are important to ensure that communities are developing in ways that meet the aspirations of local people. Plans need to assess whether housing is appropriate for its location and local cultural requirements.

Governments should link and develop plans for infrastructure and housing together, under town and community planning principles. Plans should include housing-related infrastructure in parallel with housing delivery, and coordinate municipal and essential services requirements and infrastructure needs including the need for new land development or upgrades of essential services.

Plans should be completed to the same quality standard as applies for urban environments.

Governments should focus on resolution of land tenure in communities with significant need that have not received investment.

A long-term, coordinated effort between governments would avoid duplication in effort and wasted investment.

Recommendation: Tenancy education programs should be implemented. Outreach services for tenancy tribunals to improve access in remote communities should be funded

Consequences and enforcement of rights and responsibilities are important for both tenants and landlords. Tenants and landlords (jurisdictions) have frustrations in enforcing their rights and ensuring compliance with responsibilities.

Clear understanding of rights and responsibilities by tenants would assist. Better access to tenancy tribunals in remote communities could assist both tenants and landlords resolve complaints and enforce compliance. There are opportunities for sharing and replication of best practice in the creation of incentives for householders to look after and preserve their housing.

Activities that continue to support better application of PTM will assist tenants in managing their rights and responsibilities under the program.

10. Appendices

10.1 Appendix I – List of abbreviations

Abbreviation/acronym	Name
ABS	Australian Bureau of Statistics
AHURI	Australian Housing and Urban Research Institute
ANAO	Australian National Audit Office
APY Lands	Anangu Pitjantjatjara Yankunytjatjara Lands
CHIP	Community Housing and Infrastructure Program
CHLP	Critical Healthy Living Practices
COAG	Council of Australian Governments
CRA	Commonwealth Rent Assistance
ERA	Employment and Educated Related Accommodation
IBA	Indigenous Business Australia
ICHO	Indigenous Community Housing Organisations
JSC	Joint Steering Committee
NIRA	National Indigenous Reform Agreement
NPARIH	National Partnership Agreement on Remote Indigenous Housing
NPNTRAI	National Partnership on Northern Territory Remote Aboriginal Investment
NSW	New South Wales
NT	Northern Territory
PTM	Property and Tenancy Management
Qld	Queensland
SA	South Australia
SFNT	National Partnership Agreement on Stronger Futures in the Northern Territory
SIHIP	Strategic Indigenous Housing and Infrastructure Program
Tas	Tasmania
The Review	Remote Housing Review
The Strategy	Remote Housing Strategy (National Partnership on Remote Housing)
Vic	Victoria
WA	Western Australia

10.2 Appendix II – Communities the Strategy invested in (June 2016)

Jurisdiction	Community
New South Wales	Armidale, Baradine, Boggabilla, Bourke, Brewarrina, Broken Hill, Buronga, Cobar, Collarenebri, Condobolin, Coonabarabran, Coonamble, Dareton, Dubbo, Enngonia, Euabalong, Euston, Gol Gol, Goodooga, Goolgowi, Griffith, Gulargambone, Hay, Hillston, Ivanhoe, Lake Cargelligo, Lightning Ridge, Menindee, Moree, Mungindi, Murrin Bridge, Narrabri, Nyngan, Pilliga, Quambone, Ravenswood, Tamworth, Toomelah, Trangie, Wagga Wagga, Walgett, Warren, Weilmoringle, Wentworth, Wilcannia
Queensland	Arakun, Badu Island, Bamaga, Boigu Island, Cairns, Camooweal, Charleville, Coen, Cooktown, Dauan Island, Doomadgee, Erub Island, Hammond Island, Hope Vale, Horn Island, Iama Island, Injinoo, Kowanyama, Kubin, Lockhart River, Longreach, Mabuiag Island, Mapoon, Masig Island (Yorke), Mitchell, Mornington Island, Murray Island, Napranum, New Mapoon, Palm Island, Pormpuraaw, Poruma Island, Saibai Island, Seisia, St George, St Pauls Island, Townsville, Umagica, Warraber Island, Woorabinda, Wujal Wujal
Western Australia	Ardyaloon, Balgo, Bayulu, Beagle Bay, Bidyandanga, Bindi Bindi, Blackstone, Bobieding, Bondini (Wiluna Town Reserve), Boulder, Broome, Bungardi, Burawa, Burringurrah, Carnarvon, Coonana, Cosmo Newberry, Daringunaya, Derby, Djarindjin, Djimung Nguda, Djugerari, Gillarong, Guda Guda, Halls Creek, Jameson, Jigalong, Joy Springs, Junjuwa, Kalgoorlie, Kalumburu, Karmulinunga, Kiwirrkurra, Koombe Park (Lamboos Gunian), Koorabye, Kununurra, Kupartiya, Kupungarri, Kurnangki, Loanbun, Lombadina, Looma (new), Looma (old), Mardiwah Loop, Mindi Bungu (Billiluna), Mindi Rardi, Mirima, Mowanjumb, Mt Margaret (AMOS), Mulan, Muludja, Mungullah, Ngalingkadji, Ngumpun, Nicholson Block, Noonkanbah, Nulleywah, Onslow, Pandanus Park, Patjarr, Pia Wadjari, Red Hill (Lundja), Ringers Soak (Kundat Djaru), Tjirrkarli, Tjukurla, Tjuntjuntjara, Wakathuni, Wanarn, Wangkatjungka, Warakurna, Warburton, Warmun, Warrayu, Wingellina, Wongatha Wonganarra, Woolah, Yakanarra, Yandeyarra, Yardgee, Yiyili
South Australia	Akwanta, Amata, Dunjiba, Fregon, Gerard, Goretta, Indulkana, Kalka, Kalparrin, Kanpi, Kenmore Park, Koonibba, Mimili, Nepabunna, Nyapari, Oak Valley, Pipalyatjara, Pukatja, Scotdesco, Umoona (Coober Pedy), Yalata
Tasmania	Cape Barren Island, Flinders Island
Northern Territory	Abbott's, Acacia Larrakia, Ali Curung, Alpuururlam, Amanbidji, Amoonguna, Ampilatwatja, Angurugu, Anthepe, Areyonga, Atitjere, Barunga, Basso's Farm, Belyuen, Beswick, Binjari, Bulla, Bulman, Canteen Creek, Charles Creek, Daguragu, Engawala, Eva Valley, Finke, Galiwin'ku, Gapuwiyak, Gunbalanya,

Jurisdiction	Community
	<p>Gunyangara, Haasts Bluff, Hermannsbrug, Hidden Valley, Hoppy's, Ilparpa, Ipiye Ipiye, Imangara, Imanpa, Jilkminggan, Kalkarindji, Kaltukatjara, Kargaru, Karnte, Kintore, Kunothe, Kybrook Farm, Lajamanu, Laramba, Larapinta Valley, Little Sisters, Maningrida, Marla Marla, Milikapiti, Milingimbi, Milyakburra, Minjilang, Minyerri, Morris Soak, Mount Liebig, Mt Nancy, Munji Marla, Mutitjulu, Nauiyu, Ngarpa Ngarpa, Nganmarriyanga (Palumpa), Ngukurr, Nturiya, Numbulwar, Nyirripi, Old Timers, Palmers, Papunya, Peppimenarti, Pigeon Hole, Pirlangimpi, Pmara Jutunta, Ramingining, Rittarangu, Santa Teresa, Tara, Tennant Creek, Tinkarli, Titjikala, Trucking Yards, Umbakumba, Village Camp, Wadeye, Wallace Rockhole, Walpiri, Waruwu, Weemol, Willowra, Wilora, Wuppa, Wurrumiyanga (Nguiu), Wutungurra, Yarralin, Yirrkala, Yuelamu, Yuendumu</p>

10.3 Appendix III – Communities and towns visited by the Panel

Queensland

Community	Region
Hope Vale	Northern Queensland
Palm Island	Northern Queensland
Cairns	Northern Queensland
Badu Island	Torres Strait
Horn Island	Torres Strait
Kubin (Moa Island)	Torres Strait
Bamaga	Northern Peninsula
Seisia	Northern Peninsula
Injinoo	Northern Peninsula
Umagico	Northern Peninsula
New Mapoon	Northern Peninsula
Napranum	Northern Peninsula

Western Australia

Community	Region
South Hedland	Pilbara
Broome	Kimberley
Derby	Kimberley
Looma	Kimberley
Mowanjum	Kimberley
Junjuwa	Kimberley
Fitzroy Crossing	Kimberley
Muludja	Kimberley
Joy Springs	Kimberley
Bayulu	Kimberley
Noonkanbah	Kimberley
Halls Creek	Kimberley
Warmun	Kimberley

Community	Region
Kununurra	Kimberley
Mirima	Kimberley

South Australia

Community	Region
Amata	APY Lands
Umuwa	APY Lands
Fregon	APY Lands
Ernabella	APY Lands
Ceduna	SA West Coast
Kooniba	SA West Coast

Northern Territory

Community	Region
Wadeye	Daly River
Galuwinku	East Arnhem
Gunyangara	East Arnhem
Nhulunbuy	East Arnhem
Yirrkala	East Arnhem
Darwin	Darwin
Alice Springs Town Camps	Alice Springs
Hermannsburg	Central Australia

10.4 Appendix IV – Organisations met by the Panel

Queensland

- Aurukun Shire Council
- Building and Asset Services
- Cape York Institute
- Cape York Land Council
- Cathy Freeman Foundation
- Department of Housing and Public Works
- Hope Vale Council
- Kowanyama Council
- Northern Peninsula Area Council
- POD (People Oriented Design)
- Torres Strait Island Regional Council
- Torres Shire Council
- Torres Strait Regional Authority
- Wujal Wujal Shire Council
- Yarrabah Council

Western Australia

- AMG Home Builders
- Ashburton Aboriginal Corporation
- Broome Regional Aboriginal Medical Service
- Community Housing Limited
- Department of Aboriginal Affairs
- Emama Nguda Aboriginal Corporation
- Halls Creek Shire Council
- H&M Tracey Construction
- Junjuwa
- Kalari
- Kimberley Aboriginal Medical Services Council
- Kimberley Development Commission
- Kimberley Land Council
- Kimberley Regional Service Providers
- KPP Business Development
- Kullarri Building
- Kullarri Regional Communities Incorporated
- Kununurra Shire
- Many Rivers Microfinance Ltd
- Marra Worra Worra Aboriginal Resource Agency
- Morrgul
- Nirrumbuk Aboriginal Corporation
- Nyamba Buru Yawuru Property
- Nyikina Mangala PBC
- Pilbara Development Commission

- Pilbara Meta Maya Regional Aboriginal Corporation
- Shire of Derby West Kimberley
- Wilinggin
- Wirraka Maya Health Service
- Wunan Transitional Housing
- Wurreranginy Aboriginal Corporation
- Youth Involvement Council

South Australia

- APY Executive Board
- Ceduna Aboriginal Corporation
- Ceduna/Koonibba Aboriginal Health Service
- Department for Education and Child Development
- Housing SA
- Maralinga Tjarutja Administration
- Nganampa Health Council
- Port Lincoln Aboriginal Health Service
- Trade Training Centre
- Tullawon Health
- Yalata Anangu Aboriginal Community

Northern Territory

- Aboriginal Medical Services Alliance Northern Territory
- Aboriginal Peak Organisations Northern Territory
- Arnhem Land Progress Aboriginal Corporation
- Central Desert Regional Council
- Central Land Council
- Chief Minister's Department
- Gumatj Aboriginal Corporation
- IBN Corporation
- Laynhapuy Homelands Aboriginal Corporation
- MacDonnell Regional Council
- Miwatj
- Northern Territory Treasury
- NT Housing
- NT Shelter
- Office of Township Leasing
- Power and Water Corporation
- Safe House
- Save the Children
- Stronger Communities for Children
- Thamarrurr Development Corporation
- Tiwi Land Council
- Top End Women's Legal Service Inc.
- Wadeye Housing Office

- Wadeye Women's Centre
- Yili Housing

New South Wales

- Aboriginal Housing Office
- Murdi Paaki Regional Corporation

National

- Australian Housing & Urban Research Institute
- Commonwealth Bank Australia
- Department of Social Services
- Indigenous Business Australia
- Mission Australia

10.5 Appendix V – List of stakeholder submissions

Organisations

- Aboriginal Peak Organisations of the Northern Territory
- Australian Housing and Urban Research Institute
- Australian Local Government Association
- Central Australian Aboriginal Congress
- Danila Dilba Health Services
- Indigenous Business Australia
- Local Government Association of Queensland
- Local Government Association of the Northern Territory
- Marra Worra Worra Aboriginal Corporation
- Murdi Paaki Regional Assembly
- National Aboriginal Community Controlled Health Organisation
- New South Wales Aboriginal Housing Office
- Shire of Halls Creek
- Thamarrurr Development Corporation Ltd
- Torres Shire Council
- Torres Strait Island Regional Council
- Torres Strait Regional Authority
- Yarrabah Aboriginal Shire Council
- Yilli Housing

Individual Submissions

- Daphne Habibis, Rhonda Phillips and Peter Rhibbs
- Leonie Ramsay
- Peter Burke

10.6 Appendix VI – Summary of stakeholder submissions

Overcrowding

Stakeholders reiterate the extent and complexity of overcrowding as a challenge for people living in community and policy makers. Some policies have made it difficult to measure and manage overcrowding. For example, tying rent to household income has led to households hiding levels of overcrowding. Some stakeholders suggest shifting the focus from the number of houses built to the design of the household and how it complements cultural practices and family structures to reduce the impacts of overcrowding.

Health

Stakeholder feedback highlights the importance of well-maintained housing, including health hardware in addressing and preventing health and social issues in communities. Housing and facilities must also be culturally and environmentally appropriate.

Housing supply

Some stakeholders suggest the program has delivered significant benefits in terms of new builds and the refurbishment of existing dwellings, whilst others argue there has been little done under the Strategy to add to the overall housing stock. Stakeholders point to the need for consideration of young people and their transition from overcrowded households to independent living in single bedroom accommodation. Other comments relate to building depreciation, how future housing programs can align with changes in remote Indigenous populations and living patterns, and the need for new homes and rebuilds will be needed for the next 50 years and beyond.

Municipal/ancillary services

There is confusion over the roles and responsibilities of each government regarding essential infrastructure and municipal services. Stakeholders express concern at a lack of planning, which creates the risk that infrastructure needs will overwhelm communities in the future.

Land tenure

Stakeholders have a range of perspectives on land tenure. There is agreement that communal title makes it difficult to support home ownership, making people more dependent upon social housing. One stakeholder believes that land tenure issues can be dealt with more effectively with an approach that includes all three levels of government (federal, state/territory, and local), with traditional boundary mapping to ensure that the correct Traditional Owners are engaged.

Property management and maintenance

Stakeholders agree that property management and maintenance are important to housing. Most stakeholders convey a need for improvement in property management, reporting slow responses, a low standard of workmanship from contractors, and high costs. It is suggested that the maintenance program is improved by using a routine cycle of proactive maintenance, standardising

housing fixtures to facilitate easier maintenance, and better management of contracts for repairs and maintenance. Environmental health officers should work in conjunction with persons carrying out repairs and maintenance. Stakeholders also report that there are opportunities for local employment to be found in maintenance.

Tenancy management

Comments indicate a need for a broad training program to be made available to all people relating to life skills, environmental health, managing money, tenancy agreements, and rights and responsibilities. Submissions suggest many Aboriginal and Torres Strait Islander people in remote areas do not understand what is required to manage their tenancies. Stakeholders suggest jurisdictions need a strengthened and more transparent contractual and reporting arrangement, outlining systems and responsibilities for tenancy management services. This system should include jurisdiction government, local governments and Indigenous housing service providers. Rent-setting practices need to be aligned with remote Indigenous cultural/geographic contexts. Stakeholders suggest an adaption of property-based rents, possibly with a safety net for small households on low incomes.

Housing allocation

Stakeholders point out inconsistencies in the system where family size and needs are not considered when allocating houses, leading to people with perceived lower need receiving earlier allocation of housing. The issue of waiting times for housing has been highlighted multiple times with examples of families on a waiting list for up to seven years.

Employment

There appears to be consensus from stakeholders about the need to create local employment to benefit the long term sustainability of housing in remote communities.

Comments suggest ways of increasing employment opportunities for local people in housing, such as re-establishing ICHOs to manage new and existing housing. Accredited modules at the Certificate and Diploma levels could be developed to create a pool of skilled individuals to administer housing programs in their own communities. Other comments focus on the casual and short term nature of employment in the Strategy. Others suggest there are limited opportunities for local employment with no support from Government to ensure Aboriginal and Torres Strait Islander people are mentored on the job and no local construction businesses, meaning there are no local workers.

Business

Stakeholders agree that local business is necessary to a local economy. Stakeholders identified barriers to these businesses. For example, there is not enough accountability for service providers who did not fulfil their contracts. In future agreements, the criteria for procurement should include proximity, cultural awareness and local knowledge. Comments also state there are limited opportunities for capacity building for local and regional Indigenous businesses and organisations.

10.7 Appendix VII – Summary of New South Wales, Victoria and Tasmania’s involvement in the Strategy

The negotiated buy-out of New South Wales, Victoria and Tasmania from the Strategy acknowledged the different circumstances and significant progress made in remote Indigenous housing in these jurisdictions, and mean they are no longer subject to the current arrangements under the Strategy.

Victoria

Victoria was allocated a total of \$30.351 million under the Strategy for ICHO reform and PTM. As at 30 October 2014, a total of \$6.514 million had been released for ICHO reforms. Victoria also received \$13.837 million in PTM funding.

The primary deliverable for Victoria under the Strategy was to transition ICHOs, which managed and owned around 470 properties, previously administered by the Commonwealth Government under CHIP, to Victoria’s state housing system.

As there are no remote communities in Victoria there were no capital works targets under the Strategy for this state. However Victoria does have two small and isolated Aboriginal settlements at Lake Tyers (45 houses) and Framlingham (20 houses), which received repairs and maintenance under the Strategy.

In 2014 the Victorian Government agreed to the end of its involvement in the Strategy and received a one off payment of \$15 million to assume responsibility for housing services, and funding and providing municipal and essential services to the communities of Lake Tyres and Framlingham. This payment was made up of \$7.5 million from the municipal and essential services transitional fund (non-Strategy funding), with the remaining \$7.5 million being the balance of funds allocated to Victoria under the Strategy to 30 June 2018.

Tasmania

Tasmania was allocated a total of \$27.966 million for capital works, PTM and ICHO reform under the Strategy. As at 30 June 2014 when Tasmania exited the Strategy, a total of \$16.861 million had been released.

Under the Strategy, the Tasmanian Government agreed to deliver a total of 18 new houses and refurbish a further 51 houses in the two remote communities located on Cape Barren Island and Flinders Island. By 30 June 2014 a total of 12 new builds and 57 refurbishments had been completed.

In 2014 the Tasmanian Government advised the housing need had been addressed in its two remote communities and the Strategy outcomes had been met. The Tasmanian Government therefore agreed to the end of its involvement in the Strategy and received a one off payment of \$15.835 million to assume responsibility for funding, and providing housing and municipal and essential services to these communities. This payment was made up of \$7.818 million from the

municipal and essential services transitional fund (non-Strategy funding), with the remaining \$8.017 million being the balance of funds allocated to Tasmania under the Strategy to 30 June 2018.

New South Wales

New South Wales was allocated a total of \$393.279 million for capital works, PTM and ICHO reform under the Strategy. As at 30 June 2016 when New South Wales exited the Strategy, a total of \$345.236 million had been released.

Under the Strategy New South Wales agreed to deliver 310 new houses and 101 refurbishments. By 30 June 2016 New South Wales had delivered 263 new houses and 1,009 refurbishments.

Under the Strategy capital works in New South Wales were delivered on freehold land, mainly in remote towns. In some instances, old houses were acquired with significant upgrade works necessary, which did not add to the total number of houses available in the towns.

Where freehold land did not exist, land councils held Aboriginal titled land and often only agreed to 10 year leases. New South Wales was approved to undertake 'light touch' work on houses with 10 year leases, paid at \$50,000 up to \$85,000 (less than half the cost of refurbishments in other jurisdictions). This enabled New South Wales to 'fix and make safe' more than 95 per cent of its remote housing, but did not include major upgrades or significant improvement to amenity. As a consequence, there has been a lot of public criticism about the quality of works carried out in New South Wales.

The PTM delivered under the Strategy in New South Wales differed from other jurisdictions, as it did not directly take over housing management. Instead, New South Wales focussed on supporting and building the capacity of its ICHOs to deliver a higher standard of PTM. These reforms were based on the implementation of the New South Wales Build and Grow Aboriginal Community Housing Strategy.

The Build and Grow reforms supported the Aboriginal community housing sector to meet the housing needs of Aboriginal communities. It was underpinned by the introduction of the new Provider Assessment and Registration System and a new rent policy.

The Provider Assessment and Registration System aimed to consolidate and strengthen the community housing sector and to improve longer term sustainability. Only those ICHOs which achieved approved provider status, or agreed to head lease their housing stock to the New South Wales Aboriginal Housing Office for sub-lease to an approved provider, could gain access to Strategy funding for backlog repairs and maintenance (non-remote) and refurbishments (remote).

Around five per cent of remote housing stock is managed by providers who were not willing to sign up to New South Wales's Build and Grow reforms and this untouched housing stock was not eligible for investment under the Strategy.

Remote Indigenous housing needs changed in New South Wales during the Strategy, in part due to the significant over achievement of refurbishments. Prior to exiting the Strategy in 2016, New South Wales demonstrated that a much higher housing need existed for Aboriginal and Torres Strait Islander people in outer regional locations, and that there was an increasing migration of

Aboriginal and Torres Strait Islander people from very remote areas to access services, employment and training.

The Commonwealth decided New South Wales was in the best position to design and deliver any further capital projects required to meet future demand, and both governments agreed New South Wales would exit the Strategy by June 2016.

The early exit arrangement included a one-off payment of \$48.043 million to New South Wales as recognition of the overachievement of the Strategy's objectives, which was the remaining funds allocated to New South Wales from 2015-16 to 2017-18. On acceptance of this payment New South Wales Government would be considered to be fully responsible for remote Indigenous housing within New South Wales.

As part of this arrangement the Commonwealth Government required New South Wales to deliver \$15 million of this payment in the Murdi Paaki region, delivered through the Local Decision Making Accord with the Murdi Paaki Regional Assembly, over three years. This condition was applied to ensure the Strategy's investment would be protected in the long-term and housing providers would be supported to become more sustainable. This payment was also conditional upon all new remote Indigenous housing management contracts either being awarded to Indigenous providers or containing Indigenous employment targets for non-Indigenous providers who successfully tendered for contracts.

10.8 Appendix VII – Extended text version of images and graphs

Figure 1.2: Location of Strategy delivery locations

Map of Australia showing distribution of NPARIH and Strategy to 208 sites since 2008.

Go back to [Figure 1.2](#)

Figure 2.2: Before and after rate ratios for disease conditions in populations exposed to Housing for Health (intervention group) versus rural New South Wales Aboriginal control population (non-intervention group).

Chart comparing before and after rate ratio for disease conditions - respiratory, skin infection, intestinal infection and otitis media – in populations exposed to Housing for Health interventions versus rural New South Wales Aboriginal populations without the intervention.

Go back to [Figure 2.2](#)

Figure 3.1: Overcrowding by remoteness, NATSISS 2008 – 2014-15

The graph shows that there has been a reduction in overcrowding from 2008 - 2014-15. It also shows that overcrowding levels become higher the more remote the location.

Go back to [Figure 3.1](#)

Figure 3.3: Estimated number of dwellings required for all remote areas to 2028

Graph shows 2,750 properties are required in the Northern Territory, 1,100 in Queensland, 1,350 in Western Australia, and 300 in South Australia by 2028 to address overcrowding. Half of the need for additional dwellings required by 2028 is in the Northern Territory alone.

Go back to [Figure 3.3](#)

Figure 8.1: Rental income as a proportion of annual ongoing cost, by per cent (2017-18 Budget)

Graph shows rental income as proportion of annual ongoing costs of providing housing by the 2017-18 Budget. The weighted average for all jurisdictions is 16%.

Go back to [Figure 8.1](#)

