

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
FAMILIES, HOUSING, COMMUNITY SERVICES AND
INDIGENOUS AFFAIRS PORTFOLIO
2012-13 Budget Estimates Hearings

Outcome Number: 7

Question No: 487

Topic: AIHW Report into Indigenous housing

Hansard Page: Written

Senator Payne asked:

- a) Can you please inform the committee of your views on the AIHW report, Constructing and maintaining houses, which was recently produced for the Closing the Gap Clearinghouse, and any actions your department is taking or has taken (with respect to any current Indigenous housing programs) to incorporate the findings or recommendations of that report, including the following findings:
- b) Indigenous housing construction firms, faced with remote locations, government funding dependent on achieving timelines, and a lack of independent quality control, may end up ‘gaming’ the system by overcharging and under-delivering on both new housing and upgrades of houses (p5);
- c) Dwellings often have defects that do not become obvious until the building is occupied, and in areas with great seasonal variations these defects may not become apparent until after at least a year of occupancy (p6);
- d) Indigenous housing procurement should have longevity of at least 5 years to enable meaningful training outcomes, such as local labourers having an opportunity to gain full certification (p7);
- e) As there are often defects that don’t become immediately apparent, and there is no requirement to make a payment to a builder for work that does not meet specifications, there should be a significant final payment available to the builder once all defects identified during the defects period are rectified (p7);
- f) Maintenance programs are difficult in remote areas, and the level of maintenance required will depend much on initial construction. It is important to conduct rigorous inspections at multiple points throughout the construction period, and to have a cyclical maintenance program due to limitations around responsive maintenance (p7 and 9);
- g) There is no national database for new construction detailing individual dwellings; given improvements in technology it would be possible to develop such a database and to update it as systematic maintenance of properties occurs, to evaluate performance of design and construction methods, long term cost effectiveness of capital investment and maintenance systems, and post occupancy evaluations (p10).

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Answer:

- a) The National Partnership Agreement on Remote Indigenous Housing (NPARIH) has committed \$5.5 billion over 10 years to deliver up to 4,200 new houses and rebuild or refurbish around 4,800 existing houses in remote Indigenous communities around Australia. Implementation of the NPARIH with the states and the Northern Territory takes into account the issues explored in the AIHW report including: remoteness, climate, local environment conditions, social and cultural factors, overcrowding, tenure, rent collection and low incomes in Indigenous communities. NPARIH arrangements agreed with jurisdictions aim to mitigate the risk of remote housing delivery such as timeliness, value for money, quality and appropriate design.
- b) Following early concerns about insufficient progress to meet the targets, NPARIH was renegotiated in December 2009 to include a competitive bid process which provides strong financial incentives for states and the Northern Territory to maximise their performance. As a result, all jurisdictions have accelerated their capital works programs and are meeting targets ahead of time and within budgets.

Under the NPARIH arrangements states and the Northern Territory are responsible for managing capital works programs. Houses must be built in compliance with the Building Code of Australia and the Indigenous Housing Guide requirements.

- c) See response to b). Jurisdictions ensure that the standard construction industry defects liability/obligation periods of 6-12 months apply to all works carried out under the NPARIH.
- d) The NPARIH is a 10 year program, and has a 20% Indigenous employment target which is being met or exceeded in all jurisdictions.
- e) See responses to b) and c) above.
- f) A key part of NPARIH reforms includes a rigorous quality assurance process during construction – see response to b). States and the Northern Territory are responsible for normalising property and tenancy management in line with their public housing arrangements. This includes introducing appropriate asset management regimes for remote housing stock, including cyclical maintenance. These longer term structural reforms will put remote Indigenous housing on a more sustainable footing by ensuring that secure tenure arrangements are put in place as a pre-condition to new and refurbished housing. Standard tenancy management arrangements exist so that rents can be collected and ongoing repairs and maintenance carried out in a more sustainable manner.
- g) In investing \$5.5 billion in remote housing the Commonwealth has agreed with States and the NT to deliver public housing-like standards in remote Indigenous communities. Jurisdictions have comprehensive asset management systems which record repairs and maintenance as well as new construction and refurbishments.