

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
FAMILIES, HOUSING, COMMUNITY SERVICES AND
INDIGENOUS AFFAIRS PORTFOLIO
2011-12 Budget Estimates Hearings

Outcome Number: 7.2

Question No: 224

Topic: Report on Wadey rebuilds under the Strategic Indigenous Housing and Infrastructure Program

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Senator Payne asked: Please provide a report back to the Community Affairs Legislative Committee by 24 June 2011 about the Wadey visit being undertaken by Mr Sowry on Thursday 9 June 2011.

Answer:

Please see attached report.

REPORT TO THE SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE ON THE QUALITY OF REBUILT AND REFURBISHED HOMES IN WADEYE, NT

Introduction

On 3 June 2011, the Department of Families, Housing, Community Services and Indigenous Affairs appeared before the Senate Community Affairs Legislation Committee on housing. During the hearing, concerns were raised about some rebuilds in Wadeye in particular Lots 232 and 242. After the hearing, Senator Scullion also presented photographs of a third property, identified as the 'Blue House'. This could not be identified by lot number during the Department's visit on 9 June 2011.

The Department agreed to provide a report back to the Committee by 24 June 2011 on the issues raised.

Scope

This report provides explanatory information about the Program guidelines for the scope of and setting priorities for repairs and refurbishments works; quality assurance and handover systems from the Alliance to the Northern Territory Government; and a response to issues about Program rebuilds, in particular Lots 232 and 242 in Wadeye.

Summary

The matters raised by Senator Scullion were investigated by the Department. A thorough site visit was undertaken and found that the issues highlighted in the photos supplied by Senator Scullion did not present major health and safety issues for tenants. However, it is acknowledged that there has been a longstanding under investment in housing stock, which has led to overcrowding and many houses that are in poor condition.

To help address this situation, the Australian and Northern Territory Governments have recently accelerated the housing program in the Northern Territory so that new and rebuilt houses will be available sooner than originally planned. At the same time this increased capital investment will also be supported by new property and tenancy management arrangements and a program of ongoing repairs and maintenance that will progressively extend the life span of remote Indigenous housing assets.

The visit to Wadeye confirmed that the works delivered addressed the highest priority areas of repair in line with program requirements, with some minor areas for improvement noted. The cost of the rebuild works undertaken to date have come in at a lower average cost, but refurbishments undertaken to date have come in at a higher cost. To avoid exceeding the total value of the package, only higher priority rebuild works were undertaken initially. Funds are available within the package and lower priority works have now been approved. This will include exterior painting and other minor repairs.

Background

The state of remote housing in the Northern Territory reflects decades of very low levels of investment and ineffective or absent property and tenancy management. As a result existing housing stock can be functionally and structurally unsound and require major work. As a result, the Australian and Northern Territory Governments have a significant backlog of housing need and have had to make difficult decisions about where to target available dollars. Housing investment has also been complemented by significant reforms to introduce appropriate property and tenancy management arrangements.

In 2007 the Australian and Northern Territory Governments committed an investment of \$672M over the 2008-2013 period.

In late 2008, the National Partnership Agreement on Remote Indigenous Housing (NPARIH/the Program) was established and outlined the Commonwealth's \$5.5B national investment over the ten year period of 2009-2018. The Northern Territory was allocated \$1.7B over this period; an investment that incorporated the original \$672M Strategic Indigenous Housing and Infrastructure Program (SIHIP) funding.

SIHIP will complete works in 73 remote communities. In 57 communities the program will refurbish existing houses whilst in 16 larger communities, major works (new housing construction and rebuilds) will also be undertaken.

Following a Program review in August 2009, the Government confirmed targets for the Program of 750 new houses, 230 rebuilds and 2500 refurbishments. To achieve the Program's housing target objectives, the review recommended that new houses, rebuilds and refurbishments have nominal average unit budgets of \$450,000, \$200,000 and \$75,000 respectively. The cost objective of the Program is to deliver all works in accordance with these average budgets noting contingency provisions. Refurbishments range in cost from \$20,000-100,000 whilst rebuilds may range in cost from \$100,000-300,000.

In November 2010, due to the high level of need in remote communities and the increased capacity to deliver works earlier, additional funding was brought forward so that 180 new homes and 180 rebuilds could be delivered ahead of schedule.

As a result, NPARIH is now set to deliver a total of 934 new homes and over 2915 refurbishments and rebuilds across 73 remote Indigenous communities and several town camps by the end of 2013.

SIHIP Rebuild and Refurbishment Priorities

Funding for refurbishments has been targeted to works on the elements of each house that will have the greatest impact on tenants' well-being. These elements are reflected in Program guidelines which govern the operations of Alliances in each location.

Refurbishments and rebuilds aim to restore functionality and improve the level of amenity within the home. As each individual scope of works is developed, it should balance the capacity to deliver prioritised works against the allocated budget. The Program Guidelines direct investment to works in the following priority order:

- a. **Priority 1** - Rectify any unsafe conditions including all electrical and plumbing items, corroded and dangerous materials, unsound structural components including stair treads, door locks and security screening;
- b. **Priority 2** – Refurbish or replace existing wet areas;
- c. **Priority 3** - Refurbish or replace internal kitchen;
- d. **Priority 4** – Provide additional wet areas;
- e. **Priority 5** - Improve house and yard liveability;
- f. **Priority 6** - Improve the liveability of internal spaces.

Each package has a notional allocation for refurbishments at an average cost of \$75,000 and rebuilds at an average cost of \$200,000 per house. As some houses are in better condition than others this accommodates the variation in costs necessary to bring all houses up to standard against priority 1 for refurbishments. Houses identified for rebuilds are assessed against each priority and highest priority tasks are completed within budget e.g, refurbishing a wet area (priority 3) rather than external painting (priority 5). Where there is sufficient remaining budget, works would progress to the next priority (i.e. for refurbishments to priorities 2 and 3 and rebuilds priorities 4-6).

The program delivers a common standard for remote public housing. The delivery of works to a house is premised on the common standard being achieved for all houses in the rebuild or refurbishment category within the allocated funding for these works across the package. This means that depending on their starting condition, houses will require different levels of investment across the range for that category to achieve the standard (ie \$20,000-\$100,000 average \$75,000 for refurbishments and \$100,000 to \$300,000 average \$200,000 for rebuilds).

As a result, refurbishments focus on the critical functions of houses such as bathrooms, kitchens and laundries. Fixing structural defects and safety faults, such as power points and electrical wiring is a priority. As a consequence, the work completed is not always immediately visible as it may include plumbing, structural repairs and/or wiring. Other refurbishment works such as internal painting will only be undertaken when 'making safe' and functionality has been addressed in all selected houses in a community, and done so for functional rather than cosmetic reasons. More information is in **Attachment A**.

Works must comply with the requirements of the Residential Tenancies Act NT for homes to be habitable (clean), safe (electrical and plumbing) and secure (locks, screens, smoke alarms etc.). All capital works under NPARIH must comply with the Building Code of Australia, Federal Safety Commission Standards and be consistent with the National Indigenous Housing Guide.

Determining Works for Each House

On commencing a package of work, the actual number of refurbishments and rebuilds for each community will depend on the condition and functionality of the houses. This assessment is done by Remote Housing NT in conjunction with Alliance Partners by allocating each lot into the most appropriate category of refurbishment, rebuild, or ongoing repairs and maintenance.

A house will be included in the rebuild category where it is estimated that \$100,000 to \$300,000 (while maintaining an average cost of up to \$200,000 for rebuilds across the package) will be required to restore functionality and, as far as possible, to return it to its original 'fit-for-purpose' condition. This investment restores an existing house to housing stock for around half the cost of building a new house.

Communities are consulted through the Housing Reference Group which includes community representatives, NT Government and Alliance staff. They inform the refurbishment and rebuild process about issues such as disability needs, transitional accommodation plans and individual housing needs.

Wadeye Package

The Program will deliver 105 new houses, 28 rebuilds and 77 refurbished homes in Wadeye at a total cost of \$62.3 million for housing works. Works commenced in Wadeye in October 2009 and are expected to be completed in mid-2011. Lots 232 and 242 are rebuilds in the Wadeye package. In Wadeye, houses were assessed and 14 houses with major structural damage were identified for demolition as they were deemed beyond economic repair.

Visit to Wadeye

On 9 June 2011, a team of senior representatives from the Australian and Northern Territory Governments and New Future Alliance visited Wadeye to inspect a selection of rebuilt and refurbished homes including Lots 232 and 242.

The group visited the following homes and reviewed documentation for all 28 rebuilds in the community which included scopes of work, trade certifications and handover documentation:

- a. Rebuilds: Lots 232, 242, 473, 474 and 494;

b. Refurbishments: Lots 314, 435 and 441.

Findings

The review of work confirmed that New Future Alliance scoped all of the houses in Wadeye in order to prioritise works in accordance with procedures described above.

The housing stock in Wadeye is almost predominantly concrete block construction on concrete slab foundations with ceramic tiled floors and timber truss roofs. Compared to other communities within SIHIP, the houses are in relatively good structural condition.

Despite all houses in the community being externally painted in 2007 (prior to the introduction of tenancy reforms), some homes (Lot 242) are heavily graffitied while external paintwork in other houses (Lot 294) is in near new condition.

Repairs to bathrooms varied from complete rebuilding and retiling to providing disability access or the replacement of broken or missing tiles where other elements of the room were sound.

Standards require lockable, vermin proof pantries to be installed where an existing, built-in one is not provided. On inspection, provision of these lockers was mixed and while the house layout did not always readily accommodate the lockers, they should be made available to tenants. The Alliance will assess all homes for the need and supply these where required.

The houses included under the refurbishment and rebuild program at Wadeye were all block houses and there was very little structural rectification work required under the priority 1 work; structural work was generally limited to slab extensions and the repair or replacement of steel verandah posts. This resulted in average expenditure per house being at the lower end of the range for rebuilds to address the first priorities.

As part of normal package monitoring processes, expenditure was reviewed by Australian and Northern Territory Government officers. In late May 2011, the Alliance reported the likelihood of an underrun in rebuilds (due to the houses not needing the same extent of rebuilding as in other packages), but noted higher average refurbishment costs.

Following completion of higher cost priorities lower priority works have now been authorised and these will be completed by mid 2011. This will include priority 5 works such as external painting and minor repairs (eg to window sills).

Lots 232 and 242

The issues highlighted in photos supplied by Senator Scullion did not present major health and safety issues for tenants. Priority 1 works address immediate safety issues and improvements that support the critical healthy living practices. These core works have been completed. While the issues identified in the photos are largely aesthetic in nature and would not be considered highest priority works, it is acknowledged that addressing them will improve the amenity of houses for tenants and that they should be addressed to the extent that funding permits.

Rebuilds and refurbishments replace broken or missing tiles; they do not replace the entire tiled area for aesthetic value such as colour matching as noted in the photograph of Lot 232.

In some houses (such as Lot 242) where the concrete slab of the house is susceptible to erosion, the slab was extended but only to the extent necessary.

Lot 242 has a number of chipped blockwork window sills. Whilst not aesthetically pleasing, the chipped sills have no functional impact and would likely be categorised a Priority 5 house improvement.

One photo of Lot 232 shows a window awning with minor damage to its edges. While this is not within the scope of priority 1-3 works, the placement of this awning could be improved. It will be addressed as part of priority 5 works to improve house and yardworks. The Alliance is reviewing the provision and position of awnings across all rebuilds in Wadeye.

The photograph of a bathroom ceiling in Lot 242 was annotated as having a leaking ceiling. On inspection, the ceiling was confirmed to be in sound condition; the photograph shows mould build up in the short time since the bathroom has been repainted. Mould growth in bathrooms is common in a tropical climate. Tenants are assisted with advice on ways to minimise mould build up including through the *Looking After Your Home* booklet. The Department has asked the Northern Territory Government to liaise with the local community to ensure that this information has been well communicated to all tenants.

Thamarrurr Development Corporation (TDC)

During the Senate Committee hearing, it was suggested that TDC could build homes for significantly less than the average house cost for each package of \$450,000 in the Program.

Economic development and Indigenous employment outcomes are a key component of the objectives under the NPARIH and every effort is made to involve local businesses such as TDC.

While TDC have done the bulk of work on 49 homes this has only been achievable through the establishment of a close cooperative relationship with New Future Alliance. The Alliance has provided management oversight, site supervision and training to TDC.

Despite the development of TDC throughout this Package, it does not currently have the trade capacity to deliver the quantity of complete, certified and finished houses to maintain pace with the schedule. The Alliance has had to increasingly rely on its own workforce and other sub-contractors to deliver Package outcomes. For example, TDC have been able to provide five of the 13 trades required to deliver a new house and have required the additional trades to be contracted directly with the Alliance.

A significant element the Alliance bears is responsibility for, and the cost of, compliance with the requirements of the Federal Safety Commissioner. New Future Alliance has achieved over one million work hours in the Program without a lost time injury; a significant achievement given the relative inexperience of its Indigenous employees and the risks associated with remote locations and construction industry.

Functional Refurbishments

Depending upon the initial standard of the home, works may only achieve a functional refurbishment standard that will improve house performance without necessarily improving amenity. It will replace items on a like-for-like basis. A functional refurbishment targets the elements of each house that will have the greatest impact on tenants' well-being. Such refurbishments focus on the critical functions of houses such as bathrooms, kitchens and laundries. Fixing structural defects and safety faults, such as power points and electrical wiring is a priority. As a consequence, the work completed is not always immediately visible as it may include plumbing, structural repairs and/or wiring. Other refurbishment works such as internal painting will only be undertaken when 'making safe' and functionality has been addressed in all selected houses in a community, and done so for functional rather than cosmetic reasons.

Rebuilds and refurbishments support the critical healthy living practices in the National Indigenous Housing Guide:

- a. a place to wash and bathe;
- b. facilities to wash clothes and bedding;
- c. the ability to remove waste safely from the house;
- d. the ability to store, prepare and cook food; and
- e. make safe – structure, fire, electrical and plumbing.

All design and construction under SIHIP must comply with the Building Code of Australia, Federal Safety Commission Standards and be consistent with the National Indigenous Housing Guide. The scope of works for all refurbishments and rebuilds must include the following elements where they are required:

- a. High pressure cleaning;
- b. Functioning health hardware, as defined by the SIHIP Design Guidelines, and services supply, including water and energy saving measures; and
- c. Removal of all hazardous materials.

A decision about whether to rebuild a house is made on a case-by-case basis. The additional investment required to rebuild a home is primarily associated with the work required to extend the structural life of the asset which is in addition to doing a functional refurbishment of the house.