

# **Remote Housing in the Northern Territory**

National Indigenous Australians Agency

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Canberra ACT  
22 February 2022

Dear Mr President  
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the National Indigenous Australians Agency. The report is titled *Remote Housing in the Northern Territory*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — <http://www.anao.gov.au>.

Yours sincerely



Grant Hehir  
Auditor-General

The Honourable the President of the Senate  
The Honourable the Speaker of the House of Representatives  
Parliament House  
Canberra ACT

## **AUDITING FOR AUSTRALIA**

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# Audit snapshot

## Auditor-General Report No.18 2021–22

### *Remote Housing in the Northern Territory*



#### Why did we do this audit?

- ▶ Overcrowding and poor quality housing are associated with poor health, educational and employment outcomes, and increased family violence. In Australia, the highest levels of overcrowding occur in remote areas of the Northern Territory (NT).
- ▶ As at September 2021, 54 per cent of houses in remote Indigenous communities in the NT were considered overcrowded.



#### Key facts

- ▶ Through the *National Partnership for Remote Housing Northern Territory* (the National Partnership), the Australian Government has committed \$550 million in funding to the NT Government over five years (2018–2023) to improve housing conditions and reduce overcrowding in 73 NT remote communities and the 17 Alice Springs town camps.
- ▶ The National Partnership is the first intergovernmental agreement on remote housing to include the four NT Land Councils in the governance framework.
- ▶ As at 30 September 2021, 363 (19 per cent) of the 1950 bedrooms agreed under the National Partnership had been completed.



#### What did we find?

- ▶ The National Indigenous Australians Agency's (NIAA) administration of funding for remote housing in the NT has been partly effective.
- ▶ The development of the National Partnership was partly effective.
- ▶ NIAA has been partly effective in assessing the delivery of the program of works under the National Partnership.
- ▶ NIAA has been partly effective in ensuring that the National Partnership's outcomes are being achieved.



#### What did we recommend?

- ▶ There were five recommendations to NIAA aimed at: revising the Implementation Plan; gaining assurance over information reported by the NT government and the implementation of the local decision-making process; and developing and implementing a risk management plan.
- ▶ NIAA agreed to all five recommendations.

**\$2.65 billion**

Invested or committed by the Australian Government in remote housing in the NT over 15 years to 2022–23.

**27,600**

Indigenous people living in overcrowded houses in 2016 in the NT.

**1857**

New dwellings required to address existing overcrowding, and an additional 74 new dwellings required every year to address population growth.

# Summary and recommendations

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## Background

1. Overcrowding and poor quality housing are associated with poor health, educational and employment outcomes, and increased family violence. In Australia, the highest levels of overcrowding occur in remote areas of the Northern Territory (NT).<sup>1</sup>
2. On 30 March 2019 the Australian and NT Governments entered into the *National Partnership for Remote Housing Northern Territory* (the National Partnership). The objective of the National Partnership is to improve housing conditions and reduce overcrowding in 73 NT remote communities and the 17 Alice Springs town camps.
3. Under the National Partnership the Australian Government has committed to provide \$550 million in funding to the NT Government over five years (from 2018–19 to 2022–23), divided between:
  - \$337.5 million for capital works — to deliver a minimum of 1950 bedrooms, providing an equivalent of 650 three-bedroom houses;
  - \$175 million (\$35 million per financial year) for property and tenancy maintenance (PTM) services; and
  - \$37.5 million to support the achievement of Aboriginal employment targets.
4. The NT Government committed to match the Australian Government’s investment over the life of the National Partnership through its existing Our Community. Our Future. Our Homes (OCOFOH) program.
5. The NT Government reported to NIAA that, as at September 2021, 363 bedrooms (equivalent to 121 three-bedroom houses) had been completed, representing 19 per cent of the capital works target.
6. The National Indigenous Australian Agency (NIAA) administers the National Partnership on behalf of the Australian Government. Operation of the National Partnership is governed by a Joint Steering Committee (JSC) with representatives from NIAA, the NT Government and the four NT Land Councils. An Implementation Plan, which sets out the strategy for delivering outputs, including performance benchmarks, milestones and associated payments, forms part of the National Partnership.
7. Since 2019 the National Partnership has been the primary Australian Government funding commitment for housing in remote Aboriginal and Torres Strait Islander communities.

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1 Department of the Prime Minister and Cabinet (PM&C), *Research synthesis of social and economic outcomes of good housing for Aboriginal and Torres Strait Islander People* [Internet], 2017, available from <https://www.niaa.gov.au/sites/default/files/publications/research-synthesis-social-economic-outcomes-housing.pdf> [accessed 14 October 2021]; Department of Local Government, Housing and Community Development, *A Home for all Territorians – Northern Territory Housing Strategy 2020–2025* [Internet], December 2019, p. 9, available from [https://dlghcd.nt.gov.au/data/assets/pdf\\_file/0010/765433/nt-housing-strategy-2020-2025.pdf](https://dlghcd.nt.gov.au/data/assets/pdf_file/0010/765433/nt-housing-strategy-2020-2025.pdf), [accessed 14 October 2021].

## Rationale for undertaking the audit

8. Improving Indigenous housing in the NT has been a policy priority for successive Australian and NT Governments. By 2022–23 the Australian Government will have invested \$2.65 billion over 15 years in remote housing in the NT through successive national partnership agreements.

9. A 2017 review of remote housing arrangements noted significant progress had been made as a result of the Australian Government's investment under previous national partnership agreements. However, the review also identified a number of implementation issues and made several recommendations for future housing programs, including recommending a recurring housing maintenance program, additional investment in housing and a cost sharing arrangement between the Australian Government and states and territories.<sup>2</sup>

10. Recent ANAO performance audits have identified issues related to insufficient validation of benchmarks and risk-based assurance arrangements for participation targets, which are relevant to NIAA's monitoring of the National Partnership.<sup>3</sup>

11. This audit was conducted to provide Parliament with independent assurance of NIAA's effectiveness in administering funding for remote housing in the NT.

## Audit objective and criteria

12. The audit objective was to assess the effectiveness of NIAA's administration of funding for remote housing in the NT.

13. To form a conclusion against this objective, the following high-level criteria were applied:

- Was the development of the National Partnership effective? (Chapter 2)
- Has NIAA effectively assessed the delivery of the program of works? (Chapter 3)
- Has NIAA ensured the outcomes of the National Partnership will be achieved? (Chapter 4)

## Conclusion

14. NIAA's administration of funding for remote housing in the NT has been partly effective.

15. The development of the National Partnership was partly effective. The National Partnership largely aligns with the Closing the Gap policy objectives, and does not duplicate other sources of Australian Government funding for remote housing in the NT. However, the National Partnership Implementation Plan has significant weaknesses, and advice to the minister did not include analysis of some of the National Partnership's key parameters.

16. NIAA has been partly effective in assessing the delivery of the program of works under the National Partnership. NIAA has not fully developed or implemented a risk-based approach to

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2 PM&C, *Remote Housing Review: A Review of the National Partnership Agreement on Remote Indigenous Housing and the Remote Housing Strategy (2008-2018)*, [Internet], PM&C, Canberra, October 2017, pp. 1–4, Available from <https://www.niaa.gov.au/resource-centre/indigenous-affairs/remote-housing-review> [accessed 17 September 2021].

3 Auditor-General Report No.34 of 2019–20 *Aboriginal and Torres Strait Islander Participation Targets in Intergovernmental Agreements*; Auditor-General Report No.42 of 2017–18 *Effectiveness of Monitoring and Payment Arrangements under National Partnership Agreements*.



determining what assurance is necessary to verify the Northern Territory (NT) Government's achievement against National Partnership targets.

17. NIAA has been partly effective in ensuring that the National Partnership's outcomes will be achieved. NIAA has ensured a role for the Land Councils in the National Partnership's governance. However, NIAA has not been effective in managing the risks associated with the potentially conflicting priorities of the National Partnership: completing a large program of work in just over four years, while ensuring that housing quality is improved, Aboriginal communities are effectively involved in decision-making, and local Aboriginal people and businesses deliver the work. In addition, NIAA has not gained assurance that the NT Government is meeting its commitment to contribute \$550 million to remote housing over the life of the National Partnership.

## Supporting findings

### Development of the National Partnership

18. The National Partnership is aligned to the Closing the Gap policy objectives as expressed in the 2008 *National Indigenous Reform Agreement (Closing the Gap)* and the 2020 *National Agreement on Closing the Gap*. (Paragraphs 2.2 to 2.5)

19. The National Partnership integrated elements of relevant guidance and key lessons learnt from previous audits and reviews. However, some important elements, including a full description of outcomes and outputs and provision for risk management, were not adequately covered in the Implementation Plan. The Implementation Plan also lacks clarity and specificity. (Paragraphs 2.6 to 2.31)

20. The advice to the minister was timely and adequately documented the main negotiating points but did not appropriately address some of the National Partnership's key parameters, such as cost of houses and PTM services and impact on overcrowding. (Paragraphs 2.32 to 2.42)

21. NIAA has ensured that Australian Government investments in remote housing in the NT delivered outside the National Partnership are not duplicative. (Paragraphs 2.43 to 2.54)

### Assessing the delivery of the program of works

22. NIAA's assessment of the delivery of capital works has been partly effective. Until September 2021, annual capital works plans provided to the JSC did not address the requirements of the National Partnership and did not give visibility on the program of works. As at November 2021, NIAA had developed an approach to verifying the NT Government's claims for payment for completed capital works, which had not yet been implemented. (Paragraphs 3.4 to 3.13)

23. NIAA's assessment of the delivery of PTM services has been partly effective. NIAA does not gain assurance over the performance results reported to it by the NT Government, and has not always used the correct reporting period to assess the NT Government's results and to recommend payments. (Paragraphs 3.17 to 3.40)

24. NIAA's assessment of the achievement of local Aboriginal participation outcomes has been partly effective. NIAA has not developed a risk-based framework for determining what assurance it should gain over the information provided by the NT Government to support its achievement of the Aboriginal employment target. (Paragraphs 3.41 to 3.44)

## Ensuring the achievement of outcomes

25. NT Government reporting indicates that overcrowding in communities covered by the National Partnership has been reduced from 58.1 per cent in 2017 to 54.1 per cent as at September 2021. Twenty months before the end of the five-year National Partnership, 19 per cent (363) of the agreed 1950 bedrooms were completed. In July 2021 the NT Government committed to complete the full program of capital works, which is intended to reduce overcrowding, by 30 June 2023. NIAA should ensure that the acceleration of the delivery of Australian Government funded houses does not impact on the NT Government's capacity to deliver its capital works under the OCOFOH program. (Paragraphs 4.5 to 4.9)

26. NIAA has ensured that Land Councils have an effective role in the National Partnership's governance. The NT Government has implemented its local-decision making framework as part of the National Partnership, but NIAA has not gained assurance that this process has been implemented effectively. (Paragraphs 4.10 to 4.25)

27. The agreed reviews that are expected to help plan for a sustainable housing model after the expiry of the National Partnership have not been completed. The leasing and housing review has been delayed and is due for completion early 2022, and the land servicing review has not commenced. (Paragraphs 4.29 to 4.37)

28. NIAA has been partly effective in ensuring transparency about how money has been spent. A NT Government public website, updated quarterly, publishes comprehensive information on investment and progress of the program of works, including at a community level. However, NIAA does not have assurance that the NT Government will meet its \$550 million co-contribution commitment over the life of the National Partnership. (Paragraphs 4.38 to 4.54)

29. NIAA has not managed risks to the delivery of the National Partnership effectively. Despite there being risks associated with the prioritisation of housing construction over other National Partnership outcomes, and to the achievement of the program of works within the agreed timeframe, NIAA had not developed an internal risk management plan as at November 2021. The JSC commenced work on a risk plan in July 2021, which was incomplete as at November 2021. (Paragraphs 4.55 to 4.67)

30. Advice to the minister has been timely and regular, and has primarily documented the slow pace of housing construction. NIAA's advice has not always been based on complete analysis as it has not included: progress against some of the outputs; information on the NT Government's financial co-contribution; and analysis of some of the factors underpinning the slow delivery of houses. (Paragraphs 4.70 to 4.73)

## Recommendations

**Recommendation no. 1** National Indigenous Australians Agency revise the Implementation Plan to support public accountability by providing accurate information on how each party to the National Partnership for Remote Housing Northern Territory will achieve the outcomes and outputs.  
**Paragraph 2.28**

**National Indigenous Australians Agency response:** *Agreed.*

**Recommendation no. 2** National Indigenous Australians Agency implement risk-based assurance processes to verify the delivery of capital works.  
**Paragraph 3.14**

**National Indigenous Australians Agency response:** *Agreed.*

**Recommendation no. 3** National Indigenous Australians Agency develop and implement a risk-based framework for gaining assurance over the Northern Territory Government's verification procedures for reporting against National Partnership targets.  
**Paragraph 3.34**

**National Indigenous Australians Agency response:** *Agreed.*

**Recommendation no. 4** National Indigenous Australians Agency establish appropriate risk-based assurance arrangements to ensure that the local decision-making process has been effectively implemented and is an effective strategy to achieve 'a genuine and mutually respectful formal partnership between governments and Aboriginal people from the Northern Territory'.  
**Paragraph 4.26**

**National Indigenous Australians Agency response:** *Agreed.*

**Recommendation no. 5** National Indigenous Australians Agency:  
**Paragraph 4.68**

- (a) develop and implement an internal risk management plan for management of the National Partnership for Remote Housing Northern Territory; and
- (b) work with the Joint Steering Committee to finalise and implement its risk management plan.

**National Indigenous Australians Agency response:** *Agreed.*

## Summary of National Indigenous Australians Agency's response

31. NIAA's summary response is provided below and its full response is included at Appendix 1.

The National Partnership for Remote Housing Northern Territory agreed to delivery of Commonwealth investment through the Northern Territory (NT) Government's Our Community Our Future Our Homes program and to achieve genuine partnership between governments and Aboriginal people.

Following finalisation of the National Partnership in March 2019, NIAA worked with the NT Government and the four NT Land Councils to establish Joint Steering Committee (JSC) operations, agree implementation and reporting frameworks and support the NT Government's delivery of NT-funded housing while developing the pipeline for Commonwealth funded housing.

The National Partnership's objective is to improve housing conditions and reduce overcrowding. The JSC takes a joint risk management approach to National Partnership oversight, including monitoring NT Government acceleration of delivery of combined government investment in housing construction. This takes into account the usual challenges of remote housing delivery, additional COVID-19 impacts and the need to support local Aboriginal employment and businesses outcomes.

NIAA continues to build on existing NT Government reporting, assurance and verification practices and is considering amendments to the National Partnership's Implementation Plan for clearer and more practical reporting settings.

NIAA agrees with all recommendations and notes relevant actions undertaken and underway.

32. The NT Department of Territory Families, Housing and Communities' response to a report extract is also shown at Appendix 1. At Appendix 2, there is a summary of improvements that were observed by the ANAO during the course of the audit.

## Key messages from this audit for all Australian Government entities

33. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

### Governance and risk management

- Despite housing programs in remote Indigenous communities being high-risk, the National Partnership did not include provision for risk management, and 18 months before the end of the National Partnership, there were no effective risk management arrangements. To ensure risks are identified and managed in a timely manner, entities should develop risk-based arrangements at the commencement of a partnership agreement. Appropriate risk management provides assurance and can facilitate continuous improvement and better administration.

### Policy/program design

- In many cases, intergovernmental agreements have been preceded by comparable agreements, which have been reviewed, audited or evaluated. The National Partnership was preceded by two significant intergovernmental agreements (the 2008 *National Partnership on Remote Indigenous Housing* and the 2016 *National Partnership on Remote Housing*), which were audited or reviewed on several occasions. Entities should consider the recommendations and findings from relevant reviews, audits and evaluations when designing and implementing new agreements.

### Policy/program Implementation

- The successful achievement of the objectives, outcomes and outputs of an intergovernmental agreement or partnership requires coordinated action and a shared commitment to genuinely cooperative working arrangements. Establishing joint management arrangements between governments has the potential to give the Australian Government greater visibility over key implementation issues and to assist with managing progress and risks. For the National Partnership, the Australian Government has ensured that Land Councils have been included in the governance arrangements and is considering embedding officers in the NT Government's program management team.
- While the National Partnership included a focus on outcomes and outputs rather than inputs, property and tenancy management was not included as an output and there were no targets for the NT Government's co-contribution. Successful implementation of an intergovernmental agreement requires a fit for purpose and up to date implementation plan that clearly sets out responsibilities for delivery of outcomes and outputs and establishes processes for oversight and accountability.

## **Audit findings**

# 1. Background

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1.1 Research has shown that overcrowding and poor quality housing are associated with poor health, educational and employment outcomes, and increased family violence.<sup>4</sup> In Australia, the highest levels of overcrowding occur in remote areas of the Northern Territory (NT). Approximately 27,600 Indigenous people in the NT were living in overcrowded houses in 2016, and an estimated 54 per cent of homes in remote Aboriginal communities were considered overcrowded in 2019.<sup>5, 6</sup>

1.2 Appropriate, affordable housing is one of the 17 Closing the Gap socio-economic targets.<sup>7</sup> The target aims to increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized (not overcrowded) housing from 78.9 per cent in 2016 to 88 per cent by 2031.<sup>8</sup> In 2018 the Department of the Prime Minister and Cabinet (PM&C) estimated the NT required 1857 new dwellings immediately to address overcrowding, and an additional 74 new dwellings per year to meet population growth.

## **The National Partnership for Remote Housing Northern Territory (2018–2023)**

1.3 On 30 March 2019 the Australian and NT Governments entered into the *National Partnership for Remote Housing Northern Territory* (the National Partnership). The objective of the National Partnership is to improve housing conditions and reduce overcrowding in 73 NT remote communities and the 17 Alice Springs town camps. The intended outcomes of the National Partnership are:

- (a) reducing overcrowding;

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4 PM&C, *Research synthesis of social and economic outcomes of good housing for Aboriginal and Torres Strait Islander People* [Internet], 2017, available from <https://www.niaa.gov.au/sites/default/files/publications/research-synthesis-social-economic-outcomes-housing.pdf> [accessed 14 October 2021].

5 Department of Local Government, Housing and Community Development, *A Home for all Territorians – Northern Territory Housing Strategy 2020–2025* [Internet], December 2019, p. 9, available from [https://dlghcd.nt.gov.au/\\_data/assets/pdf\\_file/0010/765433/nt-housing-strategy-2020-2025.pdf](https://dlghcd.nt.gov.au/_data/assets/pdf_file/0010/765433/nt-housing-strategy-2020-2025.pdf), [accessed 14 October 2021].

6 The Australian Bureau of Statistics uses the Canadian National Occupancy Standard (CNOS) definition of overcrowding. The CNOS is based on number of occupants divided by number of bedrooms, and distinguishes between age and gender. CNOS determines criteria for overcrowding, including: there should be no more than two people per bedroom; children less than five years old and of different sex may reasonably share a bedroom; children five years or older and of opposite sex should have separate bedrooms; children less than 18 years old and of the same sex may reasonably share a bedroom; and single household members 18 years or older should have separate bedrooms as should couples and parents. Northern Territory Government, *Our Community. Our Future. Our Homes. Capital Works Program Design Guidelines*, October 2019, p. 7.

7 In 2006 the Council of Australian Governments (COAG) agreed to an intergovernmental approach to ‘closing the gap in outcomes between Indigenous Australians and other Australians’, which led to the establishment of the *National Indigenous Reform Agreement (Closing the Gap)* (NIRA) in 2008. The NIRA included a framework of objectives, outcomes, outputs, performance measures and targets. In 2020 a new ten-year *National Agreement on Closing the Gap* replaced the NIRA and established 17 new targets and implementation arrangements.

8 Joint Council on Closing the Gap, *Closing the Gap Target 9* [Internet], July 2020, available from <https://www.closingthegap.gov.au/national-agreement/national-agreement-closing-the-gap> [accessed 15 October 2021].



- (b) ensuring a role for the four NT Land Councils (Central Land Council, Northern Land Council, Tiwi Land Council and Anindilyakwa Land Council) in the National Partnership's governance;
- (c) providing transparency about how money is spent; and
- (d) ensuring, to the maximum extent possible, works are delivered by local Indigenous Territorians and businesses.

1.4 Under the National Partnership the Australian Government has committed to provide \$550 million in funding to the NT Government over five years (from 2018–19 to 2022–23), divided between:

- \$337.5 million for capital works — to deliver a minimum of 1950 bedrooms, providing an equivalent of 650 three-bedroom houses;
- \$175 million (\$35 million per financial year) for property and tenancy maintenance (PTM) services — to be delivered to over 5,000 houses across the 73 remote communities and 17 Alice Springs town camps; and
- \$37.5 million to support the engagement and development of Aboriginal employees.

1.5 The National Partnership states that, to avoid duplication of effort, the primary mechanism for the delivery of the Australian Government investment will be through the NT Government's Our Community. Our Future. Our Homes (OCOFOH) program. The NT Government committed to match the Australian Government \$550 million investment over the National Partnership's five-year timeframe, with this co-contribution forming part of its OCOFOH program funding of \$1.1 billion over ten years (from 2017–18 to 2026–27) to improve Aboriginal housing in remote communities.<sup>9</sup>

**Figure 1.1: Brick house under construction in Galiwin'ku under the OCOFOH program**



Source: ANAO.

<sup>9</sup> Funding under the OCOFOH program is broken down as follows: \$500 million for the HomeBuild NT program (building new houses); \$200 million for the Room to Breathe program (extending and improving existing houses); \$200 million for government employee housing; and \$200 million for PTM services. The OCOFOH program is also supplemented by NT Government funding of \$426 million over eight years from 2016–17 for land servicing and essential services infrastructure to support new housing.

## Operational arrangements for the National Partnership

1.6 The National Indigenous Australian Agency (NIAA) administers the National Partnership on behalf of the Australian Government.<sup>10</sup>

1.7 Operation of the National Partnership is governed by a Joint Steering Committee (JSC) with representatives from NIAA, the NT Government and the four NT Land Councils.<sup>11</sup> The JSC is defined in the National Partnership as the main forum to monitor the delivery of the National Partnership's outcomes.<sup>12</sup> The JSC's responsibilities are also to:

- make decisions on matters of policy and strategy (but not on operational program issues or procurement, which remain the prerogative of the Australian and NT Governments);
- ensure accountability and transparency over housing outcomes and investments; and
- conduct a review of the remote housing and leasing models and a review of land servicing costs and availability.<sup>13</sup>

1.8 As at November 2021, ten JSC meetings had taken place, which is in line with the terms of reference's schedule of quarterly meetings (see Table 1.1). The first meeting took place on 30 August 2019, five months after the National Partnership was executed. Six of the ten meetings did not occur face to face, due to COVID-19 travel restrictions and the NIAA team managing the administration of the National Partnership being based in Canberra.

**Table 1.1: JSC meetings date and location**

Meeting number	Date	Location
1	30 August 2019	Darwin
2	6 November 2019	Darwin
3	13 February 2020	Canberra
4	14 May 2020	Video conference
5	6 August 2020	Video conference
6	26 November 2020	Out of session papers only
7	11 March 2021	Video conference
8	15 July 2021	Darwin
9	9 September 2021	Video conference
10	17 November 2021	Video conference

Source: ANAO analysis of entity information.

1.9 The National Partnership commits to developing various subsidiary documents, including: annual Capital Works Plans; the property and tenancy management (PTM) Framework; the

10 NIAA was established as an entity within PM&C portfolio on 29 May 2019. Prior to that date, PM&C had responsibility for Indigenous affairs.

11 Within the NT Government, policy responsibility for the National Partnership sits with the Department of Territory Families, Housing and Communities, and responsibility for delivering the National Partnership program of works sits with the Department of Infrastructure, Planning and Logistics.

12 COAG, *National Partnership for Remote Housing Northern Territory*, 30 March 2019, Clause 38.

13 COAG, *National Partnership for Remote Housing Northern Territory*, Schedule B: Joint Steering Committee Terms of Reference (updated 6 August 2021), Clauses 5–17.



Reporting Framework; the Employment and Procurement Framework; and the Local Decision-Making Framework.

1.10 Schedule A of the National Partnership is an Implementation Plan, which sets out the strategy for delivering outputs, including performance benchmarks, milestones and associated payments. Schedule B provides the draft terms of reference for the JSC, which were endorsed at the first JSC meeting of August 2019.

### Australian Government expenditure on the National Partnership

1.11 As at 30 September 2021, the NT Government reported to NIAA that 363 bedrooms (equivalent to 121 three-bedroom houses) had been completed, representing 19 per cent of the capital works target of 1950 bedrooms (equivalent to 650 three-bedroom houses) expected to be completed by 30 June 2023. Twenty-six per cent of the total Australian Government agreed funding had been paid to the NT Government, including 11 per cent of the capital works funding (see Table 1.2).

**Table 1.2: National Partnership funding expended, as at 30 September 2021**

	Australian Government budget 2018–2023 (\$million)	Payments to the NT Government (\$million)	Proportion of total budget (%)
Capital works	337.5	38.7 <sup>a</sup>	11 <sup>b</sup>
PTM services	175.0	87.5	50
Employment	37.5	15.0	40
<b>Total</b>	<b>550.0</b>	<b>141.2</b>	<b>26</b>

Note a: Upfront payment representing 30 per cent of the cost of the bedrooms planned for 2019–20.

Note b: As at November 2021, the NT Government had submitted an additional payment claim for capital works that NIAA was in the process of assessing.

Source: ANAO analysis of entity information.

### Australian Government funding for remote Indigenous housing

1.12 The Australian Government first provided funding for Indigenous housing programs in 1968, following the 1967 amendment to the Australian Constitution which gave the Federal Parliament the power to make laws relating to Aboriginal and Torres Strait Islander people.<sup>14</sup> Between 1968 and 2008, approximately \$3.5 billion was invested in remote housing across Australia.<sup>15</sup>

1.13 In 2008, following the establishment of the NIRA, all states and territories (except the Australian Capital Territory) entered into the *National Partnership Agreement on Remote Indigenous Housing* (NPARIH). The NPARIH aimed to address overcrowding, homelessness, poor housing conditions and housing shortages in remote Indigenous communities, and was to last for ten years. However, Victoria and Tasmania exited the NPARIH in 2014, and New South Wales in 2016, having met their most critical remote housing needs. In 2016 a new *National Partnership on Remote Housing* (NPRH) (2016–2018) was negotiated to replace the NPARIH between the Australian Government, NT, Queensland, South Australia and Western Australia.

14 Australian Constitution, subsection 51(xxvi).

15 PM&C, *Remote Housing Review*, Table 1.1, p. 7.

1.14 Following the completion of the NPRH in 2018 the Australian Government's position was that states and territories were responsible for housing in remote communities, except in the NT, where the Australian Government considered that the housing need was significantly higher and that it had a role in continuing to invest in remote housing through the National Partnership.

1.15 In 2018–19 the Australian Government provided 'one-off funding contributions' for remote indigenous housing to Western Australia (\$121 million) and South Australia (\$37.5 million), with matched funding from states to assist the transition of responsibility for funding remote housing to the states. In 2020–21 the Australian Government made a 'final payment' of \$105 million to the Queensland Government to fund Aboriginal and Torres Strait Islander Councils to deliver remote housing in Indigenous communities.

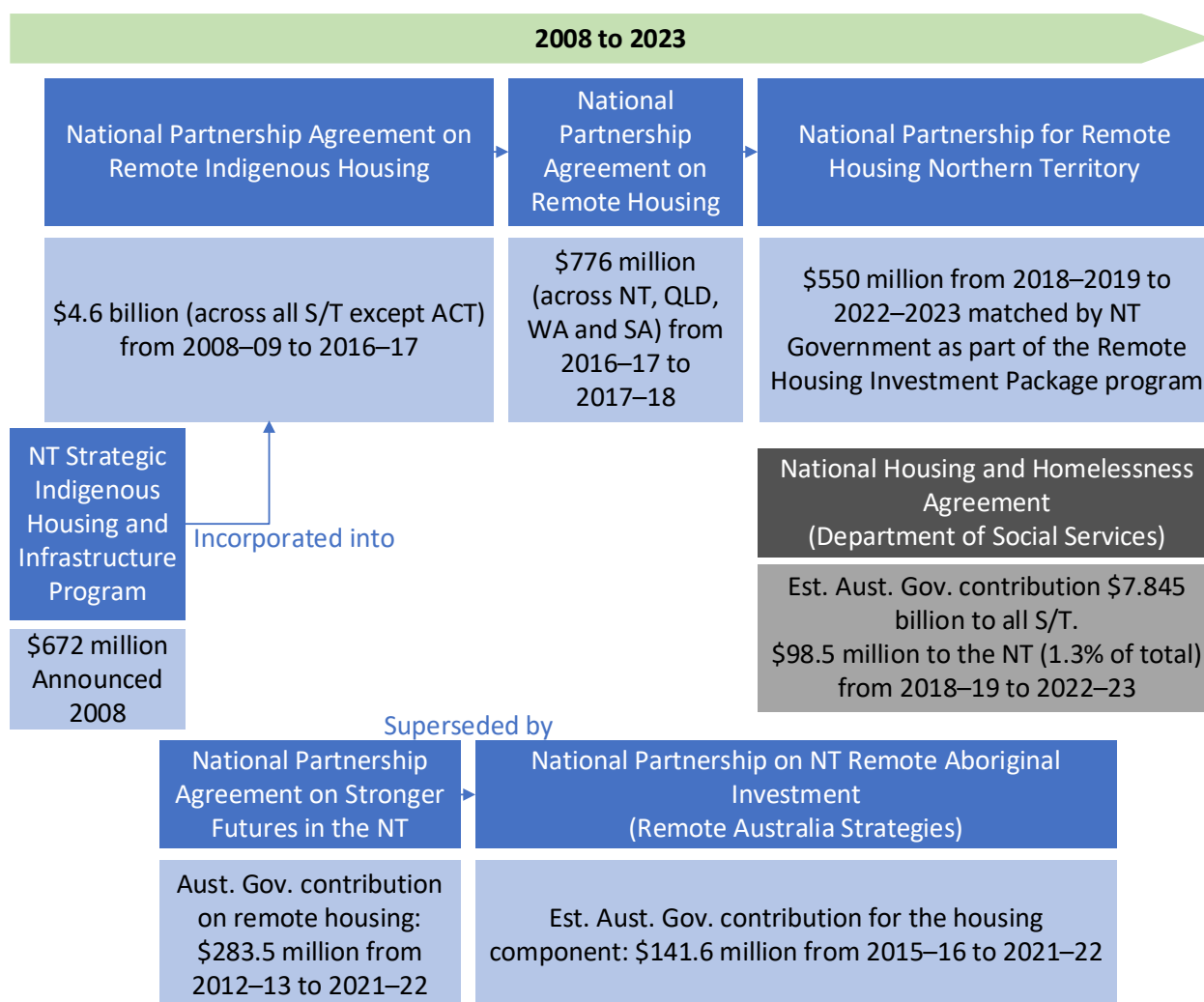
1.16 Between 2008 and 2018, the Australian Government allocated \$5.4 billion to the NPARIH and the NPRH. A total of \$1.677 billion was provided to the NT under the two national partnership agreements, including \$1.236 billion for capital works. Just over 1500 new houses and almost 3000 refurbishments were reported to have been completed in the NT over the ten-year period, across 100 communities.

1.17 Covering the period 2012–2023, three other intergovernmental agreements have included remote housing components.

- The *National Partnership Agreement on Stronger Futures in the NT* was established in 2012 for a duration of ten years to 2022 and included a remote housing component of \$283.5 million.
- The *National Partnership on NT Remote Aboriginal Investment* (NPNTRAI) superseded the *National Partnership Agreement on Stronger Future in the NT* in 2016 and is due to expire in June 2022. It has a total estimated value of \$986 million, including \$141.6 million to upgrade houses in remote communities.
- The *National Housing and Homelessness Agreement* (NHHA) is expected to contribute \$7.845 billion over five years (from 2018–19 to 2022–2023), including \$98.5 million to the NT. The NHHA includes a housing component across urban, regional and remote areas, and identifies Indigenous Australians as a priority cohort. Both the National Partnership and the NPNTRAI aim to support the outcomes of the NHHA, without being dependant or directly linked to it.

1.18 Figure 1.2 provides a diagrammatic representation of the intergovernmental agreements for remote housing in the NT since 2008.

**Figure 1.2: Australian Government intergovernmental agreements for housing, 2008–2023**



Source: ANAO analysis.

1.19 Since 2019 the National Partnership has been the primary Australian Government funding commitment for housing in remote Aboriginal and Torres Strait Islander communities.

## Land tenure and asset ownership on Aboriginal land in the Northern Territory

1.20 In 1976 the *Aboriginal Land Rights (Northern Territory) Act 1976* (ALRA) established communal Aboriginal land ownership in Australian law. Title to land granted under the ALRA is held by a land trust on behalf of the traditional owners of the land.<sup>16</sup> Title is inalienable and equivalent to freehold title, but is held communally, reflecting the nature of Aboriginal land ownership. The Northern Land Council estimates the ALRA has enabled Aboriginal people to gain inalienable

<sup>16</sup> Traditional Aboriginal owners, in relation to land, means a local descent group of Aboriginals who: (a) have common spiritual affiliations to a site on the land, being affiliations that place the group under a primary spiritual responsibility for that site and for the land; and (b) are entitled by Aboriginal tradition to forage as of right over that land (ALRA subsection 3(1)).

freehold title to almost half the land mass of the NT (a map of land tenure and Aboriginal communities in the NT is at Appendix 3).

1.21 While the land cannot be sold or mortgaged, it can be leased from the land trusts by agreement with the traditional owners who must give informed consent before action is taken to affect their land. ALRA establishes that councils must be formed to represent Aboriginal people in the task of managing their land and the opportunities it may offer. One of the key responsibilities of the four NT Land Councils is to consult with traditional owners and other Aboriginal people with an interest in land subject to a leasing request. The NT Land Councils are Commonwealth corporate entities and are the only bodies with authority and capacity to direct and administer Aboriginal land trusts.

1.22 For most NT communities on Aboriginal land, the entity that holds the land title (in most cases, the Aboriginal land trust represented by a Land Council) has ultimate ownership of a housing asset on its land. However, responsibility for a housing asset is determined by the leasing arrangements in place. Where there is no leasing arrangement over a housing asset, the asset is the responsibility of the Aboriginal title-holding entity. If a housing asset is located in a community where the Australian Government holds a long-term housing lease, the Australian Government holds an underlying interest in the housing asset. Where a subleasing arrangement has been established with the NT Government, responsibility for the housing asset rests with the NT Government until the subleasing arrangement ends.

1.23 Under the *Northern Territory National Emergency Response Act 2007* (NTNER Act)<sup>17</sup>, the Australian Government took compulsory five-year leases over 73 communities to secure its long-term investment in remote NT housing. These leases were mostly replaced with long-term leases (40–99 years), largely held by the Executive Director of Township Leasing<sup>18</sup>, under the ALRA and other legislation. As a result of these leases, the Australian Government retains an underlying interest in the majority of public housing in remote areas of the NT (approximately 3500 houses, which represents 59 per cent of the total remote housing portfolio in the NT).

1.24 Through acquisition of these leases the Australian Government became a public housing landlord, which means that the Australian Government is required to deliver public housing services and maintenance either directly or through a third party, and is accountable for keeping houses at an appropriate standard and keeping tenants safe. The Australian Government has transferred its responsibility as landlord to the NT Government through a series of subleasing arrangements. The latest subleasing arrangements are due to expire at the same time as the National Partnership, in June 2023.<sup>19</sup>

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17 In 2007 the NT Emergency Response provided the Australian Government with powers to acquire, rights, titles and interests in land, and the ability to grant leases. The NTNER Act included provision to designate remote communities in the NT as ‘prescribed areas’, including all land held by a land trust under ALRA. Through the NT Emergency Response the Australian Government compulsorily acquired leasing interests covering the majority of the prescribed areas.

18 The Executive Director of Township Leasing is a statutory Australian Government office holder. The position was established in 2007 through amendments to the ALRA. Under a township lease, a township on Aboriginal land is leased to the Executive Director to manage on a long-term basis.

19 NIAA informed the ANAO that public housing funded by the Australian Government through the National Partnership is recognised in the financial statements of the NT Department of Territory Families, Housing and Communities, as the agency responsible for managing public housing in the NT.

## Cost of remote housing

1.25 The NT is the third largest jurisdiction in land mass, and almost 50 per cent of its population live in remote or very remote areas. Research has shown that the size and remoteness of the NT affects the cost of delivering housing and housing related services, including because of:

- higher price of materials due to the distance from sources of building materials and a lack of competition in the supply;
- shortage of tradespeople;
- insufficient competition in tender processes due to the scarcity of building companies willing and able to build in remote areas;
- higher labour costs and longer building times from having only a six or seven month construction window due to inaccessibility in the wet season in the north, and desert summer heat in the south of the NT; and
- greater costs of developing and maintaining infrastructure such as water, electricity and sewage.<sup>20</sup>

1.26 In addition, research indicates that overcrowding contributes to higher construction and maintenance costs, due to increased wear and tear on hardware (including doors, kitchens and bathrooms), and the corrosion caused by harsh climate conditions (from heavy rainfall and high humidity in the north, and to sand in the south). To minimise the impact of these factors, more robust building materials and stronger construction technologies are required than for houses in non-remote areas.<sup>21</sup>

## Rationale for undertaking the audit

1.27 Improving Indigenous housing in the NT has been a policy priority for successive Australian and NT Governments. By 2022–23 the Australian Government will have invested \$2.65 billion over 15 years in remote housing in the NT through successive national partnership agreements.

1.28 A 2017 review of remote housing arrangements noted significant progress had been made as a result of the Australian Government's investment under previous national partnership agreements. However, the review also identified a number of implementation issues and made several recommendations for future housing programs, including recommending a recurring housing maintenance program, additional investment in housing and a cost sharing arrangement between the Australian Government and states and territories.<sup>22</sup>

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20 Department of Local Government, Housing and Community Development, *A Home for all Territorians – Northern Territory Housing Strategy 2020–2025* [Internet], pp. 5 and 16; J Fine, E Charlesworth, 'Why isn't it solved?': Factors affecting improvements in housing outcomes in remote Indigenous communities in Australia, Habitat International 36 (2012), p. 23.

21 *ibid.*

22 PM&C, *Remote Housing Review*, pp. 1–4.

1.29 Recent ANAO performance audits have identified issues related to insufficient validation of benchmarks and risk-based assurance arrangements for Aboriginal and Torres Strait Islander participation targets, which are relevant to NIAA's monitoring of the National Partnership.<sup>23</sup>

1.30 This audit was conducted to provide Parliament with independent assurance of NIAA's effectiveness in administering funding for remote housing in the NT.

## Audit approach

### Audit objective, criteria and scope

1.31 The audit objective was to assess the effectiveness of NIAA's administration of funding for remote housing in the Northern Territory.

1.32 To form a conclusion against this objective, the following high-level criteria were applied:

- Was the development of the National Partnership effective? (Chapter 2)
- Has NIAA effectively assessed the delivery of the program of works? (Chapter 3)
- Has NIAA ensured the outcomes of the National Partnership will be achieved? (Chapter 4)

### Audit methodology

1.33 The audit methodology involved:

- examining NIAA's records, including ministerial briefs;
- examining minutes and papers from the JSC and subcommittees;
- observing three JSC meetings and the JSC's July 2021 risk workshop;
- interviewing relevant NIAA officers;
- discussions with relevant NT Government officers, the four NT Land Councils, and other relevant housing stakeholders (including the Executive Director of Township Leasing and Aboriginal Peak Organisations Northern Territory); and
- visiting three remote communities (Hermannsburg, Galiwin'ku and Amoonguna) where houses are being built under the National Partnership.

1.34 The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$383,000.

1.35 The team members for this audit were Isabelle Favre, Elizabeth Robinson, Graeme Corbett, Deborah Jackson and Daniel Whyte.

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23 Auditor-General Report No.34 of 2019–20 *Aboriginal and Torres Strait Islander Participation Targets in Intergovernmental Agreements* and Auditor-General Report No.42 of 2017–18 *Effectiveness of Monitoring and Payment Arrangements under National Partnership Agreements*.

## 2. Development of the National Partnership

### Areas examined

This chapter examines whether the development of the *National Partnership Remote Housing Northern Territory* (the National Partnership) was effective.

### Conclusion

The development of the National Partnership was partly effective. The National Partnership largely aligns with the Closing the Gap policy objectives, and does not duplicate other sources of Australian Government funding for remote housing in the Northern Territory (NT). However, the National Partnership Implementation Plan has significant weaknesses, and advice to the minister did not include analysis of some of the National Partnership's key parameters.

### Areas for improvement

The ANAO made one recommendation aimed at National Indigenous Australians Agency (NIAA) revising the Implementation Plan.

2.1 Between the establishment of the Closing the Gap framework in 2008 and the end of the National Partnership in 2023, the Australian Government will have invested over \$2.65 billion in remote housing in the NT through intergovernmental agreements. The ANAO examined whether, to optimise the impact of the Australian Government's investment, the development of the National Partnership:

- was aligned to government policy objectives, as outlined in Closing the Gap agreements;
- integrated relevant guidance and lessons learnt;
- was supported by advice to the Minister for Indigenous Affairs that was timely and based on sound analysis; and
- did not duplicate other Australian Government investments in remote housing in the NT.

### Is the National Partnership aligned to government policy objectives, as outlined in Closing the Gap agreements?

The National Partnership is aligned to the Closing the Gap policy objectives as expressed in the 2008 *National Indigenous Reform Agreement (Closing the Gap)* and the 2020 *National Agreement on Closing the Gap*.

### ***National Indigenous Reform Agreement (Closing the Gap) (2008–2018)***

2.2 The government policy objectives relevant to the National Partnership are identified primarily in the *National Indigenous Reform Agreement (Closing the Gap)* (NIRA), which was developed by the Council of Australian Governments (COAG) in 2008.<sup>24</sup> The NIRA set out targets

24 COAG, *National Indigenous Reform Agreement (Closing the Gap)* [Internet], November 2008, available from [https://federalfinancialrelations.gov.au/content/npa/health/archive/indigenous-reform/national-agreement\\_sept\\_12.pdf](https://federalfinancialrelations.gov.au/content/npa/health/archive/indigenous-reform/national-agreement_sept_12.pdf) [accessed 14 September 2021].

aimed at closing the gap in outcomes between Indigenous and other Australians.<sup>25</sup> The NIRA also established seven ‘building blocks’ — early childhood; schooling; health; economic participation; healthy homes; safe communities; and governance and leadership — that were identified as interlinked and foundational to achieving the Closing the Gap targets. In addition, the NIRA specified six ‘service delivery principles’ which all governments were expected to apply when designing and delivering services for Aboriginal and Torres Strait Islander peoples (see Table 2.1).

**Table 2.1: The NIRA’s service delivery principles**

Principle	Description
Priority principle	Programs and services should contribute to Closing the Gap by meeting the targets endorsed by COAG while being appropriate to local community needs.
Indigenous engagement principle	Engagement with Indigenous men, women and children and communities should be central to the design and delivery of programs and services.
Sustainability principle	Programs and services should be directed and resourced over an adequate period of time to meet the COAG targets.
Access principle	Programs and services should be physically and culturally accessible to Indigenous people recognising the diversity of urban, regional and remote needs.
Integration principle	There should be collaboration between and within governments at all levels and their agencies to effectively coordinate programs and services.
Accountability principle	Programs and services should have regular and transparent performance monitoring, review and evaluation.

Source: COAG, *National Indigenous Reform Agreement (Closing the Gap)*, November 2008, Schedule D.

### ***National Agreement on Closing the Gap (2020–2030)***

2.3 In July 2020 a new ten-year *National Agreement on Closing the Gap* (2020 National Agreement) came into effect, building on and replacing the NIRA.<sup>26</sup> The 2020 National Agreement is between the Australian, state and territory, and local governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations. It commits to ‘a future where policy making that impacts on the lives of Aboriginal and Torres Strait Islander people is done in full and genuine partnership’ and includes four priority reforms and 17 socio-economic outcomes (see Box 1).<sup>27</sup>

25 The NIRA contained six targets, one of which was reframed in 2015 after expiring in 2013. COAG committed to another target in 2014. The seven targets were: close the life expectancy gap within a generation; halve the gap in mortality rates for Indigenous children under five within a decade; halve the gap for Indigenous students in reading, writing and numeracy within a decade; halve the gap in Indigenous employment outcomes within a decade; halve the gap for Indigenous people aged 20–24 in Year 12 or equivalent attainment rates by 2020; close the gap between Indigenous and non-Indigenous school attendance within five years; and 95 per cent of all Indigenous four-year-olds enrolled in early childhood education by 2025.

26 Australian Government, *National Agreement on Closing the Gap* [Internet], July 2020, available from <https://www.closingthegap.gov.au/national-agreement/national-agreement-closing-the-gap> [accessed 14 September 2021].

27 *ibid.*, Article 18.



**Box 1: 2020 National Agreement priority reforms and socio-economic outcomes**

The four priority reforms of the 2020 National Agreement, which each include a target and an outcome, aim to ‘change the way governments work to accelerate improvements to Aboriginal and Torres Strait Islander people lives’:

- (a) formal partnerships and shared decision-making ‘to accelerate policy and place-based progress on Closing the Gap through formal partnership arrangements’;
- (b) building the community-controlled sector ‘delivering high quality services to meet the needs of Aboriginal and Torres Strait Islander people across the country’;
- (c) transforming government organisations, so that governments are ‘accountable for Closing the Gap and are culturally safe and responsive to the needs of Aboriginal and Torres Strait Islander people, including through the services they fund’; and
- (d) shared access to data and information at regional level, so that ‘Aboriginal and Torres Strait Islander people have access to, and the capability to use, locally relevant data to monitor Closing the Gap’.

The 17 socio-economic outcomes cover health, childhood, education, employment, economic participation, housing, justice, safety, wellbeing, culture and access to information.

2.4 While the 2020 National Agreement came into effect after the National Partnership was signed, it had been developed over the two years preceding its execution.

- The *COAG Statement on the Closing the Gap Refresh*, signed in December 2018, committed to forming a partnership with Aboriginal and Torres Strait Islander peoples to finalise the refreshed Closing the Gap. It also included a draft framework of outcomes, to be used as a basis for further discussion between governments and Aboriginal and Torres Strait Islander representatives.<sup>28</sup>
- The *Partnership Agreement on Closing the Gap 2019–29* between all Australian Governments, the Australian Local Government Association and the Coalition of Peaks, signed in March 2019, gave effect to the December 2018 *COAG Statement on the Closing the Gap Refresh* and established the principle of equal participation and shared decision-making by Aboriginal and Torres Strait Islander people on Closing the Gap.<sup>29</sup>

### National Partnership’s alignment to Closing the Gap policy objectives

2.5 The National Partnership includes general statements on its alignment to government policy objectives in its ‘purpose’ section, which states that it supports the outcomes of the NIRA and ‘embodies the principles of the [COAG] Statement on the Closing the Gap refresh’. Table 2.2 shows that the National Partnership is also consistent with specific policy objectives as identified in the

28 COAG, *Statement on the Closing the Gap Refresh* [Internet], December 2018, available from <https://antar.org.au/sites/default/files/coag-statement-closing-the-gap-refresh.pdf> [accessed 14 September 2021].

29 Coalition of Aboriginal and Torres Strait Islander Peak Organisations and COAG, *Partnership Agreement on Closing the Gap 2019–29* [Internet], March 2019, available from <https://federation.gov.au/about/agreements/closing-gap-partnership-agreement> [accessed 14 September 2021].

NIRA; and with the relevant policy objectives of the Closing the Gap Refresh as stated in the 2018 COAG Statement and later in the 2020 National Agreement.

**Table 2.2: National Partnership's alignment to government policy objectives**

National Partnership's objectives, outcomes and outputs	Alignment with the NIRA policy objectives	Alignment with the 2020 National Agreement policy objectives
Objective — Improve housing conditions and reduce overcrowding Outcome (a) — Reducing overcrowding	Building Block 5 — Healthy Homes: which are defined as having 'adequate water and sewerage systems, waste collection, electricity and housing infrastructure, and being free of overcrowding'.	Socio-economic outcome 9 — Appropriate, affordable housing. Target — By 2031, increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized (not overcrowded) housing to 88 per cent.
Outcome (b) — Ensuring a role for the Land Councils in the governance	The principles of service delivery include the Indigenous engagement principle (which includes: recognising local circumstances; ensuring Indigenous representation is appropriate; and Indigenous engagement along a continuum from information sharing to decision-making).	Priority Reform 1 — Partnership and shared decision-making. Housing is identified as one of five policy priority areas to establish a joined approach between the Australian, state and territory governments and Aboriginal and Torres Strait representatives. Priority Reform 3 — Transforming government organisations, including through 'improving engagement with Aboriginal and Torres Strait Islander people'.
Outcome (c) — Providing transparency about how the money is spent	The principles of service delivery include the accountability principle, which includes choosing performance measures based on contribution to the COAG targets and reporting them publicly.	Priority Reform 3 — Transforming government organisations, including through 'increasing accountability through transparent funding allocations'. Priority Reform 4 — Shared access to data and information at regional level.
Outcome (d) — Works are delivered by local Indigenous Territorians and businesses	The NIRA includes National Investment Principles in Remote Locations (Schedule E), which states that investment decisions should aim to improve participation in the market economy on a sustainable basis.	Socio-economic outcome 7 — Young people engaged in employment. Socio-economic outcome 8 — Strong economic participation.
Output (a) — Construction is informed by local decision-making	The principles of service delivery include the Indigenous engagement principle (which includes: recognising that strong relationships between government, community and service providers increase the capacity to achieve identified outcomes; and engaging and empowering the broader Indigenous community in the design and delivery of programs and services).	Priority Reform 1 — Partnership and shared decision-making.

National Partnership's objectives, outcomes and outputs	Alignment with the NIRA policy objectives	Alignment with the 2020 National Agreement policy objectives
Additional output — A review on options for sustainable remote Indigenous community housing model	N/A	Priority Reform 2 — Building the community-controlled sector. One of four initial priority sectors is housing.

Source: ANAO analysis of the National Partnership, NIRA and 2020 National Agreement.

## Did the National Partnership integrate relevant guidance and lessons learnt?

The National Partnership integrated elements of relevant guidance and key lessons learnt from previous audits and reviews. However, some important elements, including a full description of outcomes and outputs and provision for risk management, were not adequately covered in the Implementation Plan. The Implementation Plan also lacks clarity and specificity.

2.6 Intergovernmental agreements are part of the framework for Australia's federal financial relations, which is overseen by the Council on Federal Financial Relations (CFFR).<sup>30</sup> The CFFR has issued guidance to support the drafting of intergovernmental agreements.

2.7 As noted in Paragraphs 1.12 to 1.19, the National Partnership was preceded by several intergovernmental agreements relating to remote housing. These agreements have been reviewed and audited, and the findings and recommendation of reviews and audits were available to be considered when drafting the National Partnership.

### Guidance from the Council on Federal Financial Relations

2.8 At the time of the design of the National Partnership, the CFFR had issued three Circulars to support officers drafting new partnership agreements.

- Circular 2015/1 outlined the framework that governs intergovernmental funding agreements.
- Circular 2015/2 provided guidance to Australian Government portfolio agencies on drafting Federation Funding Agreement Schedules.
- Circular 2015/3 provided portfolio agencies with examples of the CFFR's role in developing Federation Funding Agreement Schedules through different negotiation pathways.<sup>31</sup>

2.9 Circular 2015/1 included a guide to the structure of a national partnership agreement (reproduced at Appendix 4). The ANAO's assessment of the National Partnership against the

30 The CFFR comprises the Australian Government Treasurer as Chair and all state and territory treasurers. It collaborates on all intergovernmental financial matters and oversees the Intergovernmental Agreement on Federal Financial Relations.

31 CFFR, Circular 2015/1 — *Developing National Partnerships under the Federal Financial Relations Framework*; CFFR, Circular 2015/2 — *Developing Implementation Plans for National Partnerships*; and CFFR, Circular 2015/3 — *Processes for Drafting, Negotiating, Finalising and Varying Agreements under the Federal Financial Relations Framework*. The 2015 Circulars were superseded by four new Circulars in 2021, which are available from <https://federalfinancialrelations.gov.au/guide-drafting-new-agreements> [accessed 16 September 2021].

requirements set out in this guide found a high level of consistency with most of the guide's principles. In particular, there were:

- clear linkages with other relevant intergovernmental agreements (the National Housing and Homelessness Agreement, the NIRA, previous National Partnerships on Remote Housing and the December 2018 COAG *Statement on the Closing the Gap Refresh*);
- a focus on outcomes (such as reducing overcrowding) and outputs (such as the target of providing a minimum of 1950 bedrooms over five years), rather than inputs;
- specified roles and responsibilities; and
- other key design requirements such as time limitation, appropriate provision for delegation, and inclusion of relevant standard clauses (such as for dispute resolution, review, enforceability and variation).

2.10 However, the National Partnership did not follow the CFFR guidance on two significant aspects: the description of the outcomes and outputs; and the drafting of the Implementation Plan.

### *Description of outcomes and outputs*

2.11 Outcomes are defined in Circular 2015/1 as 'the measurable improvements that governments expect to observe from implementing the agreement effectively'. Circular 2015/1 also states that:

As National Partnerships are expected to cover the totality of Commonwealth and non-Commonwealth involvement in the policy area covered by the agreement, it is expected that any own purpose expenditure will be in the agreement with the corresponding, outcomes, outputs, and roles and responsibilities included where relevant.<sup>32</sup>

2.12 However, in February 2019, the Department of the Prime Minister and Cabinet (PM&C)<sup>33</sup> advised the Minister that:

Under the Federal Financial Relations framework, [a national partnership agreement] can only set outcomes for the Commonwealth's funding contribution. This means we cannot insist the [NT Government] include their \$550 million in the [National Partnership's] joint governance arrangements.

Consequently, the National Partnership does not prescribe outcomes and output targets for the NT Government matching funding of \$550 million.<sup>34</sup>

2.13 In line with Circular 2015/1, the National Partnership should have included details about the outcomes and outputs associated to the NT Government's co-contribution. Not having output targets for activities funded through this co-contribution introduces risks that:

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32 CFFR, Circular 2015/1 — *Developing National Partnerships under the Federal Financial Relations Framework*, paragraphs 47 and 111.

33 Until May 2019, when NIAA was established, the Indigenous Affairs Group within PM&C was responsible for Indigenous affairs.

34 While the National Partnership does not include targets for bedroom completion using NT Government's funding, the reporting provided to the Joint Steering Committee (JSC) meeting of November 2021 indicates that the NT Government plans to complete 3790 bedrooms by June 2023 with the combined Australian and NT Governments funding. This suggests that the NT Government's target is 1840 bedrooms over six years from 2017–18 (compared with the Australian Government target of 1950 bedrooms over five years from 2018–19).

- achievement of the target for capital works funded by the Australian Government under the National Partnership is prioritised over capital works funded by the NT Government under its Our Community. Our Future. Our Homes (OCOFOH) program (discussed at Paragraph 4.9);
- the NT Government co-contribution is allocated to activities that are not covered by the National Partnership, such as government employee housing or land servicing; and
- the National Partnership's outcome of providing transparency about how money is spent is not achieved (discussed at Paragraphs 4.51 to 4.54).

2.14 In addition, outputs are expected to 'describe the projects or services being delivered to achieve the stated outcomes'.<sup>35</sup> The National Partnership's outputs refer to the program of capital works, the participation of Aboriginal people in employment, and the reporting of investments and outcomes. However, property and tenancy management (PTM) services, which represents 32 per cent (\$175 million) of the total funding provided by the Australian Government under the National Partnership, is not mentioned or reflected in the outputs.

### *Drafting of the Implementation Plan*

2.15 The National Partnership includes an Implementation Plan, which provides details on the performance monitoring, reporting and financial arrangements. The Implementation Plan has several weaknesses that impact on the interpretation of the National Partnership; principally, a lack of: provision for risk management; recognition of partial performance; and clarity of language and interpretation.

#### *Provision for risk management*

2.16 The Implementation Plan template provided in Circular 2015/2 includes a component on risk management, the purpose of which is 'to demonstrate that a risk assessment has been undertaken, any identified risks considered and a risk management plan has been developed'.<sup>36</sup> The National Partnership does not include this component and NIAA was not able to provide evidence that a risk assessment had been conducted or that a risk management plan had been developed.<sup>37</sup>

#### *Recognition of partial performance*

2.17 Circular 2015/1 states that the conditions under which the state or territory would be eligible for a partial payment and the method for calculating this payment should be included in the national partnership agreement or implementation plan.<sup>38</sup>

2.18 In the National Partnership, PTM payments of \$35 million a year are to be made upon the achievement of a set of measures (as approved by the Joint Steering Committee). The National Partnership does not include information on recognition of partial performance if the targets are met for only some of the measures.

35 CFFR, Circular 2015/1 — *Developing National Partnerships under the Federal Financial Relations Framework*, paragraph 47.

36 CFFR, Circular 2015/2 — *Developing Implementation Plans for National Partnerships*, p. 9.

37 NIAA's management of risks during the implementation of the National Partnership is discussed at paragraphs 4.63 to 4.67 in Chapter 4.

38 CFFR, Circular 2015/1 — *Developing National Partnerships under the Federal Financial Relations Framework*, paragraph 97.

2.19 Indigenous employment is one of the four outcomes of the National Partnership.<sup>39</sup> An annual payment of \$7.5 million is to be made to the NT Government upon the achievement of an initial employment target of 40 per cent in 2019–20, rising in two per cent increments to 46 per cent by 2022–23. The Implementation Plan does not specify how the payment for Indigenous employment is to be determined if either the PTM or capital works employment targets are not met (see Table 3.4 and Paragraph 3.43).

Clarity of language and interpretation

2.20 The CFFR stresses the importance of clarity of language and mutual understanding of the roles and responsibilities, performance indicators and reporting requirements. This clarity, including in implementation plans, contributes to ensuring the effectiveness of the partnership and to supporting public accountability:

Implementation Plans are public transparency documents and should provide the public with confidence that there is a strategy in place for implementation.<sup>40</sup>

2.21 The wording of sections on Aboriginal employment creates ambiguity about the conditions under which the \$7.5 million annual payment is to be made. Clause A37 states that the payment is for achievement of the target in both capital works and PTM:

A37 – The Employment and Procurement Framework, will be approved by the Joint Steering Committee and will outline how an annual minimum Aboriginal full-time equivalent annual rate of Aboriginal employment of 40 per cent of the workforce [sic] involved in capital works and property and tenancy management in 2019–2020, followed by increases of 2 per cent per financial year for the remainder of this Agreement.<sup>41</sup>

2.22 However, clauses A38 and A39 states that the payment is for achievement of the target in capital works only. For PTM, the employment target also applies but without attracting a specific payment:

A38 – Annual milestone payments have developed to provide \$7.5 million of support the Northern Territory to deliver the employment targets through capital works.

A39 – Property and tenancy management are to be delivered as per the annual employment target outlined in A37.<sup>42</sup>

2.23 The interpretation that the Aboriginal employment payment applies to capital works only is reinforced by the fact that an annual payment of \$35 million is to be made for PTM services upon achievement of six performance measures, which include Aboriginal employment.<sup>43</sup>

2.24 In addition, the Implementation Plan includes a large number of syntax errors and reporting period inconsistencies that impact on the readability of the document.<sup>44</sup> For example, the PTM milestones and payment table contains several typographic and period errors, including irregular and overlapping milestone periods. One section of the Implementation Plan indicates that

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39 Outcome (d) — Ensuring, to the maximum extent possible, works are delivered by local Indigenous Territorians and businesses.

40 CFFR, Circular 2015/2 — *Developing Implementation Plans for National Partnerships*, paragraph 5.

41 COAG, *National Partnership for Remote Housing Northern Territory*, 30 March 2019, Clauses A37.

42 COAG, *National Partnership for Remote Housing Northern Territory*, 30 March 2019, Clauses A38–A39.

43 Chapter 3 examines NIAA’s assessment of the delivery of the program of works.

44 The ANAO identified over 30 inconsistencies, syntax and typographic mistakes in the Implementation Plan.

milestone payments for capital works totalling \$337.5 million will be made across five years from 2018–19 to 2022–23, while a table of capital works milestone payments in another section shows payments over four years from 2019–20 to 2022–23 totalling \$270 million.

2.25 The Implementation Plan was developed in conjunction with the National Partnership, which is consistent with the CFFR guidance. However, the guidance also provides that when this is not possible, an implementation plan should be developed within six months of the national partnership being signed.

2.26 The guidance also notes that implementation plans can be amended to address significant shortcomings that place the achievement of policy objectives at risk, to improve the efficiency and effectiveness of the implementation plan's operation, or when public accountability is reduced. There would be benefit in NIAA making use of this provision to address deficiencies with the Implementation Plan for the National Partnership.

2.27 NIAA informed the ANAO in November 2021 that it has commenced discussions with the NT Government on proposed amendments to the National Partnership's Implementation Plan, to improve clarity and consistency. NIAA also indicated that it considers that the Aboriginal employment payment applies to both PTM services and capital works and it will clarify this in the revised Implementation Plan. NIAA anticipates finalising these amendments in early 2022.

### Recommendation no. 1

2.28 National Indigenous Australians Agency revise the Implementation Plan to support public accountability by providing accurate information on how each party to the National Partnership for Remote Housing Northern Territory will achieve the outcomes and outputs.

**National Indigenous Australians Agency response:** *Agreed.*

2.29 *The National Indigenous Australians Agency continues to work with the Northern Territory Government on proposed technical amendments to the National Partnership's Implementation Plan to ensure clearer and more practical reporting settings. Work on amendments will also ensure clarity and specificity for outcomes, outputs, risk management and matched Northern Territory Government funding. Amendments are subject to agreement between governments and will align with implementation and reporting frameworks agreed by the National Partnership's Joint Steering Committee.*

### Key learnings from reviews and audits

2.30 As noted at Paragraph 1.13, the National Partnership was preceded by the *National Partnership on Remote Indigenous Housing* (2008–2016) (NPARIH) and *National Partnership on Remote Housing* (2016–2018) (NPRH), between the Australian, state and territory governments. NPARIH and NPRH were reviewed on several occasions, including through: performance audits by the ANAO in 2011 and 2018; an investigation by the Commonwealth Ombudsman in 2012; and reviews by the Department of Families, Housing, Community Services and Indigenous Affairs

(FaHCSIA) in 2013 and PM&C in 2017.<sup>45</sup> Table 2.3 outlines the key findings and recommendations from these reviews, and assesses whether they were reflected in the National Partnership.

**Table 2.3: Key findings or recommendations reflected in the National Partnership**

Key findings or recommendations	Source	Reflected in National Partnership	Details
More transparency of funding decisions and public accountability needed	PM&C 2017	Yes	Transparency of spending is one of the National Partnership's four outcomes
Cost sharing between Australian and state/territory governments	PM&C 2017	Yes	Australian Government's \$550 million is matched by the NT government
Maximise local employment	PM&C 2017	Yes	Ensuring that works is delivered by local Indigenous Territorians and businesses is one of the National Partnership's four outcomes
Communities to be informed of and involved in decisions; improved transparency of decisions	Ombudsman 2012 FaHCSIA 2013 PM&C 2017	Yes	The four NT Land Councils are members of the Joint Steering Committee (JSC) and communities are involved in the construction of houses through a local decision-making process
Remote housing projects are complex and require active risk management	ANAO 2011 ANAO 2018 PM&C 2017	No	No provision is made for risk management
Delivery of capital works is slow in the early years and accelerates in the later years of an agreement	ANAO 2011 PM&C 2013	No	The estimated financial contributions are the same amounts for capital works every year (\$67.5 million annually)
'Local' indigenous employment should be clearly defined	ANAO 2011 Ombudsman 2012	No	'Local' indigenous employment is not defined

Source: ANAO analysis.

2.31 Table 2.3 shows that some important lessons learnt (cost sharing, prioritisation of local employment, and involvement of communities in decision-making) were integrated in the design of the National Partnership. However, as previously noted, risk management was not incorporated, despite remote housing programs being recognised as complex and high risk.

45 Auditor-General Report No.12 of 2011–12, *Implementation of the National Partnership Agreement on Remote Indigenous Housing in the Northern Territory*; Auditor-General Report No.42 of 2017–18, *Effectiveness of Monitoring and Payment Arrangements under National Partnership Agreements*; Commonwealth Ombudsman, Report No.03/2012, *Remote Housing Reforms in the Northern Territory*, June 2012; FaHCSIA, *National Partnership Agreement on Remote Indigenous Housing (NPARIH) – Review of Progress 2008–2013*, 2013; and PM&C, *Remote Housing Review*, October 2017.



## Was the advice to the minister on the National Partnership's design timely and based on sound analysis?

The advice to the minister was timely and adequately documented the main negotiating points but did not appropriately address some of the National Partnership's key parameters, such as cost of houses and PTM services and impact on overcrowding.

2.32 Seventeen briefs were provided to the minister in relation to the development of the National Partnership between January 2017 and March 2019. The ANAO assessed whether the advice provided by PM&C in these briefs was effective in supporting the minister's negotiations and decision-making leading up to the execution of the National Partnership in March 2019.

2.33 Early negotiations led to the Australian Government committing in late April 2018 to five years of funding of up to \$110 million a year commencing in 2018–19. The \$110 million a year commitment was based on matching the NT Government's level of annual funding for remote housing and PTM services under the ten-year \$1.1 billion OCOFOH program.<sup>46</sup> This did not include matching funding for land servicing as the Australian Government considered this to be a NT Government responsibility. The NT Government agreed to retain responsibility for sub-leasing arrangements in the communities covered by the National Partnership for its five-year duration. As part of these sub-leasing arrangement, \$35 million of the Australian Government's annual \$110 million funding would be directed towards the delivery of PTM services by the NT Government.

2.34 Over the next eleven months, the following elements were negotiated with the NT Government:

- the number of new houses to be built;
- the schedule of payment for PTM services;
- the extent of the Land Councils' participation in the governance structure; and
- the targets for Aboriginal employment, and whether a payment was to be contingent on the NT Government meeting these targets.

2.35 The advice to the minister in relation to these points was adequate, documenting in a timely manner the range of negotiating options available and the expected responses from the NT Government. The impact of potential and actual changes in the Australian Government's position on the future of remote housing in the NT was also well documented.

2.36 The advice did not appropriately address some of the National Partnership's key parameters: the cost of houses; cost of PTM services; and impact of the National Partnership's program of works on overcrowding.

### Cost of houses

2.37 In August 2018 PM&C intended to include the construction of 750 three-bedroom houses in the National Partnership. This number was based on a unit cost of \$500,000 per house (excluding land servicing and infrastructure). The advice provided to the minister on the number of houses did

<sup>46</sup> The NT Government \$1.1 billion OCOFOH program includes \$200 million for government employee housing, so the component for capital works and PTM is \$900 million or \$90 million a year (see Paragraph 1.5 and Footnote 10).

not include a cost analysis, but indicated that the approximate cost of houses under NPARIH and NPRH between 2013 and 2018 was excessive at \$620,000.

2.38 By March 2019 the proposed number of houses had reduced to 650 after negotiation with the NT Government, which meant that the average cost of a house would have been \$576,923. PM&C ministerial advice indicates that this new position was reached after examination of NT Government's delivery costs and advice from the NT Government. NIAA advised the ANAO that data on delivery costs may have been provided as part of reporting under the previous national partnership agreements and as part of the negotiations, but it was unable to locate this information.

2.39 In the National Partnership signed in March 2019, the \$375 million capital works envelop was reduced by \$37.5 million representing the payment for Aboriginal employment targets. As a consequence, the average cost for a three-bedroom house funded under the National Partnership was reduced to \$519,230, or \$173,077 per bedroom.

### **Cost of PTM services**

2.40 The advice to the minister did not provide a rationale for the decision to set the funding amount for PTM services at \$35 million. A December 2018 ministerial brief stated that 'independent financial modelling' confirmed the proposed base annual rate to be paid to the NT Government to manage Australian Government leases. However, the ANAO examined the financial modelling and found that the cost of PTM services was estimated at between \$53.3 and \$76.6 million annually. Australian Government funding to the NT Government for PTM services under NPARIH and NPRH averaged \$42 million annually between 2013–14 and 2017–18. NIAA advised the ANAO that funding for PTM services was constrained by the available total funding envelope of \$110 million per year.

### **Impact on overcrowding**

2.41 In August 2018 advice to the minister established that, to address overcrowding, the NT would need 1857 additional dwellings, and another 74 every year to address population growth. The advice did not include an estimate of the decrease in the proportion of overcrowded households that would result from the construction of 750 (later reduced to 650) new houses. For example, the 2017 Review of Remote Housing indicated that the delivery of 11,500 new or refurbished houses led to a decrease in the proportion of overcrowded houses from 51.1 per cent in 2008 to 41.3 per cent in 2014–15.<sup>47</sup> NIAA advised the ANAO that the National Partnership intended to include both new homes and renovations or extensions, which have differing impacts on overcrowding in communities. Nevertheless, an estimate would have aided understanding of the impact of the National Partnership's capital works on progress towards the Closing the Gap target (88 per cent of Aboriginal and Torres Strait Islander people living in appropriately sized — not overcrowded — housing by 2031).

2.42 The National Partnership was executed on 31 March 2019, nine months into the first year, which means that the five-year schedule needed to be completed in just over four years. The advice to the minister did not document the increased risk to the completion of the program of capital works resulting from this compressed timeframe.

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47 PM&C, *Remote Housing Review: A Review of the National Partnership Agreement on Remote Indigenous Housing and the Remote Housing Strategy (2008-2018)*, October 2017, p. 1.

## Has NIAA ensured other Australian Government investments in remote housing in the NT do not duplicate the National Partnership?

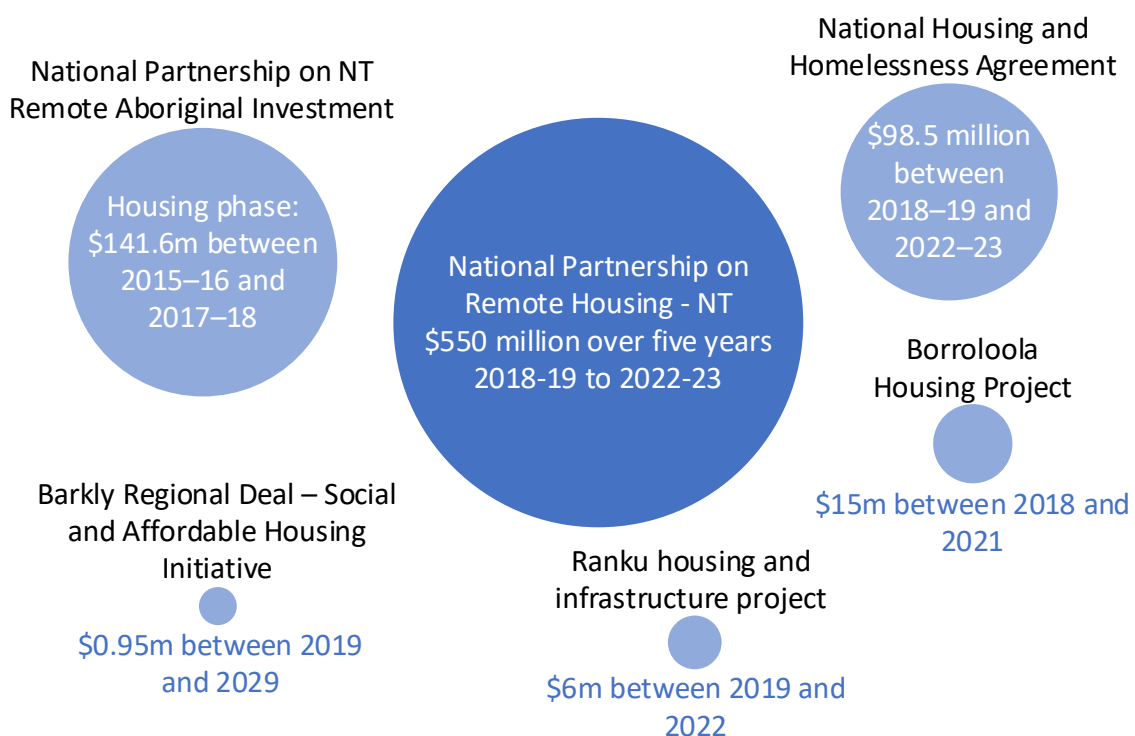
NIAA has ensured that Australian Government investments in remote housing in the NT delivered outside the National Partnership are not duplicative.

2.43 In addition to the National Partnership, the Australian Government has provided funding concurrently for remote housing in the NT through:

- the *National Partnership on Northern Territory Remote Aboriginal Investment* (NPNTRAI);
- the *National Housing and Homelessness Agreement* (NHHA); and
- three smaller infrastructure projects which aim to improve housing in specific remote areas at Borroloola, Warankuwu (Ranku) and the Barkly Region.

2.44 As noted at Paragraph 1.13, the National Partnership represents the Australian Government's largest investment in remote housing in the NT (see Figure 2.1).

**Figure 2.1: Australian Government funding for remote housing in the NT**



Source: ANAO analysis.

### ***National Partnership on Northern Territory Remote Aboriginal Investment***

2.45 The NPNTRAI's objectives are to improve schooling for Aboriginal children, make remote communities safer and healthier, and increase access to interpreter services and job opportunities for adults. The Australian Government has committed \$986 million in funding over seven years (2015–16 to 2021–22) to the NT Government under the NPNTRAI.

2.46 The NPNTRAI includes a housing component which aims to improve the durability and amenity of public housing in remote communities through the upgrade of 1009 houses, and to

complement the capital works being rolled out under the previous NPRH. The housing component was scheduled to be conducted between 1 July 2015 and 30 June 2018, with funding of \$141.6 million.

2.47 NIAA advised the ANAO that the housing component was extended by one year and completed in June 2019, and that it achieved the target of 1009 housing upgrades. Houses (new or refurbished) that received capital investment under the NPARIH or NPRH were not eligible to receive funding under the NPNTRAI. NIAA also advised that, to ensure that this condition was implemented, it cross-checked NT Government's reporting on the NPNTRAI and NPARIH, which provided information at the lot level.

2.48 NIAA completed an internal audit of the NPNTRAI in June 2021. The audit made two recommendations, which were accepted by NIAA, that lessons learnt be documented and shared internally to inform other agreements or programs. This included lessons relating to:

- verification mechanisms to obtain assurance over performance reporting information; and
- mechanisms for making partial payments where performance targets are not fully met.

### ***National Housing and Homelessness Agreement***

2.49 The NHHA was signed in 2018 and is administered by the Department of Social Services. Its objective is to contribute to improving access to affordable, safe and sustainable housing, including to prevent and address homelessness, and to support social and economic participation. Indigenous Australians are identified as a priority cohort. The Australian Government's contribution to states and territories under the NHAA is \$7.845 billion over five years (2018–19 to 2022–23), including \$98.5 million to the NT Government.

2.50 The NHHA's key outputs are: the development of a publicly available housing and homelessness strategy; and data collection and reporting against a set of national performance indicators that should demonstrate progress towards achieving NHHA's objective and outcomes. The NT Housing Strategy 2020–2025 was published in December 2019<sup>48</sup> and refers to the OCOFOH program as the NT Government's primary initiative to address overcrowding and improve housing conditions in remote communities.

2.51 While the NHHA requires the NT Government to allocate Australian Government funding to housing and homelessness services, it is not prescriptive in relation to how the NT Government should use the funds. NIAA advised that it communicates with the Department of Social Services on a weekly basis to discuss housing and homelessness issues under the two agreements.

### **Community-based infrastructure projects**

#### ***Borrooloola Housing Project***

2.52 In September 2018 the Australian Government committed to build 12 new houses and ten temporary accommodation units in Borrooloola. NIAA advised that the construction was completed in 2021, at an estimated cost of \$15 million including land servicing, fencing and play facilities. To further improve housing and decrease overcrowding in Borrooloola, an additional 38 houses have

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48 Department of Local Government, Housing and Community Development, *A Home for all Territorians – Northern Territory Housing Strategy 2020–2025* [Internet].

been built or are scheduled to be built under the OCOFOH program and the National Partnership, using Australian and NT Governments combined funds.

### *Ranku Housing and Infrastructure Project*

2.53 In 2019 NIAA agreed to provide, through the Indigenous Advancement Strategy, up to \$6 million to the Executive Director of Township Leasing for housing and infrastructure upgrades to 19 houses at Ranku on the Tiwi Islands. The three-year investment aims to ensure housing complies with the NT *Residential Tenancies Act 1999*. Ranku is categorised as a homeland, and as such is not part of the remote communities included in the National Partnership.

### *Barkly Regional Deal — Social and Affordable Housing Initiative*

2.54 The Barkly Regional Deal is a \$78.4 million commitment between the Australian Government, NT Government and Barkly Regional Council over a ten-year period (2019–29) to support the economic, social and cultural development of the Barkly Region. The Australian Government's share of the investment is \$45.4 million, including \$950,000 to build 20 units of social and affordable housing. The Barkly Regional Deal is administered by the Department of Infrastructure, Transport, Regional Development and Communications on behalf of the Australian Government. NIAA advised the ANAO that housing provided as part of the Barkly Regional Deal will be constructed in Tennant Creek, which is not covered by the National Partnership, with the number of houses reduced from 20 to 16.

### 3. Assessing the delivery of the Program of Works

#### Areas examined

This chapter examines whether the National Indigenous Australian Agency (NIAA) has been effective in assessing the delivery of the program of works under the *National Partnership for Remote Housing Northern Territory* (the National Partnership).

#### Conclusion

NIAA has been partly effective in assessing the delivery of the program of works under the National Partnership. NIAA has not fully developed or implemented a risk-based approach to determining what assurance is necessary to verify the Northern Territory (NT) Government's achievement against National Partnership targets.

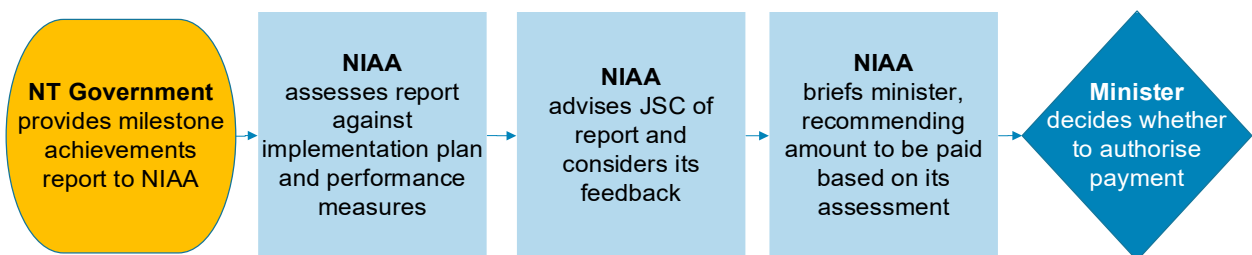
#### Areas for improvement

The ANAO made two recommendations aimed at developing and implementing risk-based approaches to gaining assurance over information reported by the NT Government.

3.1 Under the National Partnership, NIAA is responsible for providing a financial contribution to the NT Government to support the delivery of the program of works, and for monitoring and assessing the performance of the delivery of this program of works. NIAA is also responsible for ensuring that payments are only made to builders accredited under the Australian Government Work Health and Safety Accreditation Scheme or the NT equivalent, and that the Building Code 2016 is complied with. The NT Government should also provide assurance to NIAA that builders are complying with the National Indigenous Housing Guide.<sup>49</sup>

3.2 Payments are to be made upon achievement of performance targets for: capital works; property and tenancy management (PTM) services; and Aboriginal employment. To support the release of the payments, NIAA needs to assess the NT Government's performance against the milestones in the Implementation Plan and, based on this assessment, make recommendations to the Australian Government Minister for Indigenous Australians. NIAA is also required under the National Partnership to consider the recommendations of the Joint Steering Committee (JSC) when assessing the NT Government's performance against the milestones in the Implementation Plan. Figure 3.1 shows a summary of the assessment process.

**Figure 3.1: Assessment process for milestone payments**



Source: ANAO analysis of entity documentation.

<sup>49</sup> Department of Families, Community Services and Indigenous Affairs, *National Indigenous Housing Guide, Improving the Living Environment for Safety, Health and Sustainability*, 2012.

3.3 The ANAO examined whether NIAA has effectively assessed the:

- delivery of capital works;
- delivery of PTM services; and
- achievement of Aboriginal employment targets.

## Has NIAA effectively assessed the delivery of capital works?

NIAA's assessment of the delivery of capital works has been partly effective. Until September 2021, annual capital works plans provided to the JSC did not address the requirements of the National Partnership and did not give visibility on the program of works. As at November 2021, NIAA had developed an approach to verifying the NT Government's claims for payment for completed capital works, which had not yet been implemented.

### Capital works plans

3.4 The Implementation Plan requires the NT Government to produce annual capital works plans to the JSC for approval by 31 May of each year. Capital works plans are expected to enable the JSC to monitor the progress of building works, and to provide NIAA a framework against which to anticipate NT Government milestone payment claims for completed bedrooms. The plans aim to provide transparency on where funding is spent and to give Land Councils visibility on the rollout of the construction program year by year and community by community.

3.5 The Implementation Plan specifies the matters that must be covered in the annual capital works plans for each location:

- scope of works to be completed in the period;
- schedule of delivery;
- anticipated impact on overcrowding; accompanying infrastructure works;
- estimated cost;
- Aboriginal employment and Aboriginal business participation; and
- engagement of local decision making.<sup>50</sup>

3.6 As at October 2021, three annual works plans have been endorsed by the JSC. Table 3.1 examines the process of submission and endorsement of the capital works plan from 2019–20 to 2021–22.

50 Council of Australian Governments (COAG), *Intergovernmental Agreement on Federal Financial Relations*, July 2011, Implementation Plan Clause A21.

**Table 3.1: Capital works plans submission and endorsement process, 2019–20 to 2021–22**

2019–20 capital works plan
<p>The 2019–20 capital works plan was presented by the NT Government and received ‘in-principle support’ (subject to revisions) at the first JSC meeting in August 2019, triggering the release of an upfront payment from the Australian Government to the NT Government of \$38.73 million. The JSC noted that the capital works plan did not meet all the requirements of the Implementation Plan. In particular, it lacked detail on the delivery schedule, the application of the NT Government’s local decision-making policy, and local Aboriginal employment. The NT Government circulated an out-of-session JSC paper in December 2019 which provided an update on community engagement visits and outcomes for the 2019–20 Capital Works Program.</p> <p>A revised capital works plan was submitted to the JSC on two subsequent occasions: at the JSC meeting of February 2020; and at the JSC meeting of May 2020. Meeting minutes indicate that the JSC had concerns in relation to the clarity of the plans provided. Some of the required information (for example, Indigenous employment) did not appear, and the presentation of the information did not give the JSC visibility of changes in the delivery schedule from one version to the next. As a result of the feedback further information was provided to JSC members out-of-session in July 2020.</p>
2020–21 capital works plan
<p>At the August 2020 JSC meeting, the NT Government presented a capital works plan that covered the period 2019–20 to 2023–24. The NT Government advised the ANAO that given the nature and complexity of the program, it considered it was necessary to provide a five-year plan, which gave greater visibility than the annual program. However, the works plan again did not meet the JSC’s requirements and did not gain approval. At the request of the NT Government, NIAA agreed to provide, for the NT Government’s consideration, a template for how it expected information should be presented, which was provided in October 2020. This template was partially adopted for the 2020–21 capital works plan presented by the NT Government to the JSC meeting of March 2021. The 2020–21 capital works plan received JSC approval at the September 2021 meeting.</p>
2021–22 capital works plan
<p>A capital works plan for 2021–22 was submitted to the JSC at the September 2021 meeting. The workplan met the majority of the requirements included in the Implementation Plan, and was supported by the JSC, pending minor changes to be agreed with NIAA. A updated plan was provided to the JSC out of session on 30 September 2021, and endorsed in October 2021.</p>

Source: ANAO analysis.

3.7 JSC meeting minutes and evidence from members of the JSC indicate that the capital works plans were often a focus of discussions between the NT Government, NIAA and the Land Councils to determine what additional or clearer content should be included. In October 2021 a capital works plan that satisfied the requirements stated in the Implementation Plan and the JSC’s requests for improved clarity was endorsed by the JSC.

3.8 Capital works plans should play an important role in the implementation of the National Partnership and provide the JSC, including the Land Councils, with visibility over the program of works planned and delivered, and confidence that progress is being made towards the National Partnership’s objectives.<sup>51</sup> Until October 2021, the capital works plans had not met the following expectations as set out in the National Partnership:

51 As noted in at Paragraph 1.21, Land Councils’ role includes consulting with traditional owners and other Aboriginal people with an interest in land when a request, including related to construction, is made. The ANAO has not examined this process, and refers here to the rollout of the construction program once this consultation has been completed.



- the 2019–20, 2020–21 and 2021–22 capital works plans were not submitted to the JSC by 31 May each year, as required under the Implementation Plan (with the 2019–20 and 2020–21 plans being approved after the end of the year they covered and the 2021–22 plan being endorsed in October 2021)<sup>52</sup>; and
- information included in the plans did not provide the expected visibility on scheduled work until October 2021, 20 months before the end of the five-year National Partnership.<sup>53</sup>

### Capital works assessment

3.9 The National Partnership Implementation Plan provides that, upon submission and JSC approval of the 2019–20 capital works plan, an upfront payment equal to 30 per cent of the cost for the planned number of bedrooms for the year is to be made to the NT Government. Subsequently, payments are made upon completion of work. All payments are calculated on the basis of \$173,077 per completed bedroom.

3.10 In September 2019, upon NIAA's recommendation, the Minister for Indigenous Australians approved the up-front payment of \$38.73 million to the NT Government. This represented 30 per cent of the cost of the 746 bedrooms planned for 2019–20. As noted in Table 3.1, the capital works plan did not meet the requirements of the Implementation Plan and had not been approved by the JSC, but had been given 'in-principle support'. NIAA recommended that the minister approve the payment to enable the NT Government commencing the pipeline of works across 2019–20 and beyond.<sup>54</sup>

3.11 In November 2021, the NT Government made a claim for a \$13.01 million payment for 299 bedrooms completed to 30 June 2021, at the agreed unit cost of \$173,077.<sup>55</sup>

3.12 As part of its assessment for capital works payments NIAA is required to ensure all capital works are compliant with the Work Health and Safety Accreditation Scheme, the Building Code 2016 and the Indigenous building guide. The National Partnership also states that the construction of additional and replacement houses should contribute to improving housing quality. The 2017 Remote Housing Review found that high quality housing was needed to overcome the increase on the wear and tear on houses resulting from overcrowding, and recommended that details about certification of properties (at all stages of building, and for life after acceptance and tenancing) be reported to the governing body to ensure construction in remote communities is compliant with the appropriate building and certification standards.<sup>56</sup>

52 The NT Government advised the ANAO that given the first JSC meeting was held in August 2019, the NT Government was not in a position to progress the 2019–20 capital works plan to the JCS by 31 May 2019 as indicated in the Implementation Plan.

53 The NT Government advised that it considers that the capital works plan provided were aligned to the definition contained in the National Partnership: 'Capital Works Plan means the Plan, developed by the NT, informed by the Remote Housing Needs Assessment Model, agreed to by the Commonwealth and NT Government members of the JSC, outlining the capital works program and milestone targets for each financial year.' COAG, *National Partnership for Remote Housing Northern Territory*, Schedule C: Definitions.

54 Advice to the minister on the National Partnership's implementation is examined at paragraphs 4.70 to 4.73.

55 The claim amount of \$13,015,390 represents funding additional to the upfront payment of \$38,734,632. The total of \$51,750,023 is the agreed costs of building 299 bedrooms at \$173,073 each.

56 Department of the Prime Minister and Cabinet (PM&C), *Remote Housing Review*, October 2017, pp. 16, 36 and recommendation p. 78.

3.13 From August to October 2021 NIAA worked with the NT Government to determine what evidence the NT Government would be required to submit to demonstrate achievement of capital works, and the assurance processes NIAA would apply to validate NT Government's evidence. The resulting document describes the approach that NIAA may apply to verify the NT Government's capital works claim. It states that, if NIAA chooses to, it could select a sample of up to five per cent of houses with bedrooms completed in the claim period, and review certification documents (including the certificate of occupancy) for each of the houses. A further verification step may consist of a site visit. However, as at November 2021, NIAA had not implemented the verification approach.<sup>57</sup>

## Recommendation no. 2

3.14 National Indigenous Australians Agency implement risk-based assurance processes to verify the delivery of capital works.

**National Indigenous Australians Agency response:** *Agreed.*

3.15 *The National Indigenous Australians Agency worked with the Northern Territory Government in 2021 to ensure Our Community Our Future Our Homes assurance and verification processes were captured in the National Partnership's Reporting Framework. The Agency also worked with the Northern Territory Government to establish an additional Commonwealth assurance and verification process for Commonwealth funded housing construction in advance of the Northern Territory Government's submission of its first capital works milestone claim for completed houses in November 2021.*

3.16 *The Commonwealth assurance and verification process was provided to the National Partnership's Joint Steering Committee in November 2021 and the Agency has worked with the Northern Territory Government from December 2021 to implement this process. Recent agreement between the Agency and the Northern Territory Department of Territory Families, Housing and Communities to embed Commonwealth housing officer/s in the Northern Territory Government will build on existing Northern Territory Government and Commonwealth assurance and verification.*

## Has NIAA effectively assessed the delivery of PTM services?

NIAA's assessment of the delivery of PTM services has been partly effective. NIAA does not gain assurance over the performance results reported to it by the NT Government, and has not always used the correct reporting period to assess the NT Government's results and to recommend payments.

3.17 Under the National Partnership, biannual payments of \$17.5 million are to be made to the NT Government upon achievement of four tenancy performance measures and two Aboriginal employment performance measures. The performance measures are included in the PTM Framework, which outlines the strategic and operational directions supporting the delivery of PTM

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<sup>57</sup> In January 2022, NIAA advised the ANAO it had commenced implementation of the agreed verification approach and provided evidence of correspondence with the NT Government seeking documentation for a sample of houses covered by its November 2021 claim.

services and was endorsed at the first JSC meeting of August 2019. The JSC reviews and has the ability to vary the performance measures from year to year. In August 2020 and July 2021, the JSC agreed to maintain the same measures until January 2022, with changes in the targets for some of the measures (see Table 3.2).

3.18 As agreed in the Implementation Plan, in April 2019 NIAA released \$35 million to the NT Government for PTM services delivered in 2018–19. This payment was not subject to performance measures and targets. As at November 2021, the NT government had submitted four PTM milestone reports to NIAA. Table 3.2 summarises the NT Government’s reported performance against PTM targets in 2019–20 and 2020–21.

**Table 3.2: NT Government reported PTM performance, 1 July 2019–30 June 2021**

PTM Performance Measures	Target 2019–20	Target 2020–21	Report 1 1/07/19 to 31/10/19	Report 2a 1/07/19 to 31/03/20	Report 2b 1/07/19 to 30/06/20	Report 3 1/07/20 to 31/12/20	Report 4 1/01/21 to 30/06/21
Gap between total rent collected and rent charged, as a proportion (%)	30	≤30	◆ 19	◆ 26.5	◆ 26.6	◆ 27.8	◆ 27.6
Tenancies with an agreement to pay in place as a proportion of total tenants in rental arrears <sup>a</sup> (%)	15	≥15	◆ 17	■ 14.5 <sup>b</sup>	■ 13.8 <sup>b</sup>	■ 13.2 <sup>b</sup>	■ 12.3
Properties that have tenancy agreements in place with the tenants within eight weeks of handover of capital works (%)	100	100	N/A <sup>c</sup>	■ 87.2 <sup>b</sup>	■ 78.8 <sup>b</sup>	■ 88.1 <sup>b</sup>	■ 73.0
Properties receiving annual property inspections (%) <sup>d</sup>	70	≥72	◆ 73	◆ 75.6	■ 65.6 <sup>b</sup>	■ 63.4 <sup>b</sup>	■ 66.0
Aboriginal people employed to deliver PTM services (full-time equivalent average)	40	≥42	◆ 59.25	◆ 60.3	◆ 60.3	◆ 51	◆ 51.5
PTM contracts awarded to Aboriginal Business Enterprises (%)	50	≥50	◆ 60	◆ 60	◆ 68.8	◆ 69	■ 32.7 <sup>e</sup>
NIAA payment (\$m)			17.5	12.6	4.9	17.5	Not paid as at Nov 2021

Legend: ◆ Met; ■ Not met; N/A Not reported against.

Note a: An agreement to pay is an arrangement with tenant/s to recuperate outstanding debt (that is, rental arrears) as part of NT Government tenancy management services.

Note b: The NT Government's explanation for the shortfall was accepted by NIAA.

Note c: The NT Government did not report against this measure as no Australian Government funded capital works were completed at the time.

Note d: Properties inspected in the previous 12 months from the date the report was generated.

Note e: NIAA advised the ANAO that the NT Government changed the way it calculated this performance measure from 1 January 2021 to include trade contractors. As a result of this change, the percentage of contracts awarded to Aboriginal Business Enterprises declined. Using the previous methodology, the result for Report 4 would have been 65.6 per cent.

Source: ANAO analysis of entity documentation.

## NIAA assessment of Northern Territory Government's reports

3.19 The NT Government provided documentation in its milestone reports to support its achievement against the six PTM performance measures. The data provided is extracted from the NT Government's Tenancy Management System. The supporting documentation provided by the NT Government included:

- spreadsheets with data on the amount of rent collected and charged, number of accounts in arrears, number of dwellings, and number of dwellings inspected for each community or region; and
- tables that summarised the number of houses that had been handed over to tenants within an eight-week period, the tenancy start date, the region and community the house is located in and specific explanations for any houses that were not handed over to tenants within eight weeks.

3.20 NIAA's assessment of the milestone reports consisted of verifying if the results reported by the NT Government were supported by documentation, and how reported results compared against the targets for each performance measure. When the NT Government did not meet a target NIAA sought additional information to explain the shortfalls.

3.21 NIAA sent its assessments of the NT Government's milestone performance reports to the JSC for noting in out of session meeting papers. NIAA advised this was done to ensure transparency of actions and inform Land Council members in line with their monitoring role. In September 2021 NIAA advised the Land Councils had not raised issues with NIAA's assessment as part of this process.

3.22 Under the National Partnership, the Minister for Indigenous Australians is authorised to certify that performance benchmarks and milestones have been achieved so payments can be made. Once NIAA had completed its assessment for milestone reports 1, 2 and 3, it submitted a brief to the minister outlining the results of the report's assessment and recommending that the minister authorise payment (NIAA had not assessed milestone report 4 as at November 2021).

3.23 For Report 2a NIAA recommended the NT Government receive a partial payment of \$12.6 million to reflect the reporting received covered only 72 per cent of the PTM period (from 1 July 2019 to 31 March 2020). NIAA recommended the NT receive the remaining \$4.9 million after reporting covering 1 July 2019 to 30 June 2020 was provided in Report 2b. Table 3.3 summarises the justifications provided by the NT Government when targets were not met.

**Table 3.3: Justifications for PTM performance measures not met**

Performance measure	Justification for not meeting target
Percentage of tenancies with an agreement to pay in place as a proportion of total tenants in rental arrears	There was an increase in non-rebated accounts at the time when reporting was generated. <sup>a</sup> Agreements to pay were also impacted by finalisation of the NT Government's remote rent framework.
Percentage of properties that have tenancy agreements in place with the tenants within eight weeks of handover of capital works	Various local factors including sorry business and other cultural reasons, community unrest and closure, delays in Housing Reference Group <sup>b</sup> decisions and impacts of weather on access.
Percentage of properties receiving annual property inspections	A modification to the NT <i>Residential Tenancies Act 1999</i> by the Residential Tenancies COVID-19 Modification Notice 2020, impacted the NT Government's ability to inspect dwellings. Annual inspections were also impacted by weather and cultural reasons restricting access.

Note a: A rental rebate is the difference between rent charged and full rent for the property and is calculated on a percentage of a household's assessable income. A rental rebate can last either six or 12 months or for a shorter period if household income varies from week to week. Tenants need to provide supporting documents on household income to renew rebates. A non-rebated account is an account where a tenant's rental rebate has expired and is pending renewal. It may take time for rebate renewals to be resolved with tenants, processed administratively and captured in NT data.

Note b: Housing Reference Groups operate in remote communities, town camps and community living areas to give the NT Government advice on issues including local community concerns and needs for housing; access to jobs and training in housing construction and maintenance; and ideas for planning future housing needs.

Source: ANAO analysis of entity documentation.

## Validation of reported data

3.24 In June 2020 the NT Auditor-General's Office reported on the results of its performance management systems audit of the Our Community. Our Future. Our Homes (OCOFOH) Room to Breathe program. The audit found deficiencies pertaining to:

... the record management system supporting the Program; the need to establish approved program guidance earlier in the life of similar future programs; and the formal identification of key performance indicators specific to the Program with improved regular reporting against performance targets.<sup>58</sup>

3.25 The audit made 11 recommendations aimed at the NT government improving planning, governance, procurement, contract management, performance monitoring and financial reporting.

3.26 In July and August 2020 NIAA and the JSC asked the NT Government about the issues raised by the NT Auditor-General's report. The NT Government stated that it has significantly improved the performance management system that underpins the program.

3.27 Given the NT Auditor-General's findings, NIAA should have ensured that it gained appropriate assurance on the program. However, NIAA does not verify the accuracy of the information provided by the NT Government in support of its achievement against the National Partnership targets, nor the reliability of the systems used by the NT Government to generate its reporting.

<sup>58</sup> Northern Territory Auditor-General's Office, *June 2020 Report to the Legislative Assembly*, p. 31.

3.28 NIAA advised that broad assurance was provided by Land Councils who, through their work in communities, would be aware of the progress and quality of PTM services and capital works to the extent their work in communities and general awareness of National Partnership implementation would allow. However, some Land Councils informed the ANAO that this assurance role can only be performed at a general level, and that they do not have the capacity to collect feedback at a sufficiently detailed level.<sup>59</sup> In JSC meetings Land Councils have also noted the difficulty of clarifying how PTM and capital works have been delivered (see Paragraph 3.7).

3.29 In 2018 the ANAO conducted an audit of the monitoring and payment arrangements for national partnership agreements, including the previous National Partnership on Remote Housing (2016–2018). The audit found that there was no evidence that the Department of the Prime Minister and Cabinet (PM&C) (which managed the previous national partnership agreement) validated reported results for PTM and employment targets before authorising milestone payments.<sup>60</sup>

3.30 In 2020 the ANAO conducted an audit of Aboriginal and Torres Strait Islander participation targets in intergovernmental agreements. The National Partnership was one of the intergovernmental agreements examined. The audit found that in relation to Indigenous employment, there was a risk that participation levels may be misreported. The audit report stated that entities, including NIAA, should establish appropriate controls and assurance activities to ensure reporting is accurate and policy outcomes are achieved. Entities should also provide clear advice to jurisdictions on controls and assurance activities and undertake reviews to check that these arrangements have been implemented. The audit included a recommendation that NIAA ensure appropriate risk-based assurance arrangements are in place for Aboriginal and Torres Strait Islanders participation target requirements.<sup>61</sup>

3.31 NIAA closed the 2020 ANAO recommendation in June 2021 on the basis that a risk workshop, to be conducted in July 2021, was the opportunity to further embed specific risk-based assurance arrangements. However, the ANAO examined the outcomes of this workshop and found they did not relate to assurance arrangements.<sup>62</sup>

3.32 NIAA also mentioned in the recommendation closure report that the Reporting Framework for the National Partnership incorporated appropriate risk-based assurance arrangements. However, sections of the Reporting Framework relating to verification and assurance processes were not completed for any of the performance measures until November 2021, when the NT Government submitted an updated Reporting Framework to the JSC that stated, for each set of performance measures, the validations applied by the NT Government to reported data.<sup>63</sup>

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59 The Anindilyakwa Land Council advised the ANAO that its housing provider (Anindilyakwa Housing Aboriginal Corporation) had provided it with detailed information on the progress of the rollout of the program against the capital works plans.

60 Auditor-General report No.42 of 2017–18 *Effectiveness of Monitoring and Payment Arrangements under National Partnership Agreements*, paragraph 3.14.

61 Auditor-General report No.34 of 2018–19 *Aboriginal and Torres Strait Islander Participation Targets in Intergovernmental Agreements*, paragraphs 3.59 to 3.62.

62 Reporting and risk management are discussed in more detail at paragraphs 4.38 to 4.67 in Chapter 4.

63 For measures relevant to the National Partnership, the validations described in the Reporting Framework related primarily to: validation of data at point of entry in the NT Government IT system; cross-checking of contractual documents and financial data; audit of hard copy records; and checking against multiple source systems.

3.33 In November 2021 NIAA obtained documentation from the NT Government relevant to these validations, and advised the ANAO that it intended to develop, in collaboration with the NT Government, a practical approach to gain assurance on the effectiveness of the NT Government validation procedures.

### Recommendation no. 3

3.34 National Indigenous Australians Agency develop and implement a risk-based framework for gaining assurance over the Northern Territory Government's verification procedures for reporting against National Partnership targets.

**National Indigenous Australians Agency response: Agreed.**

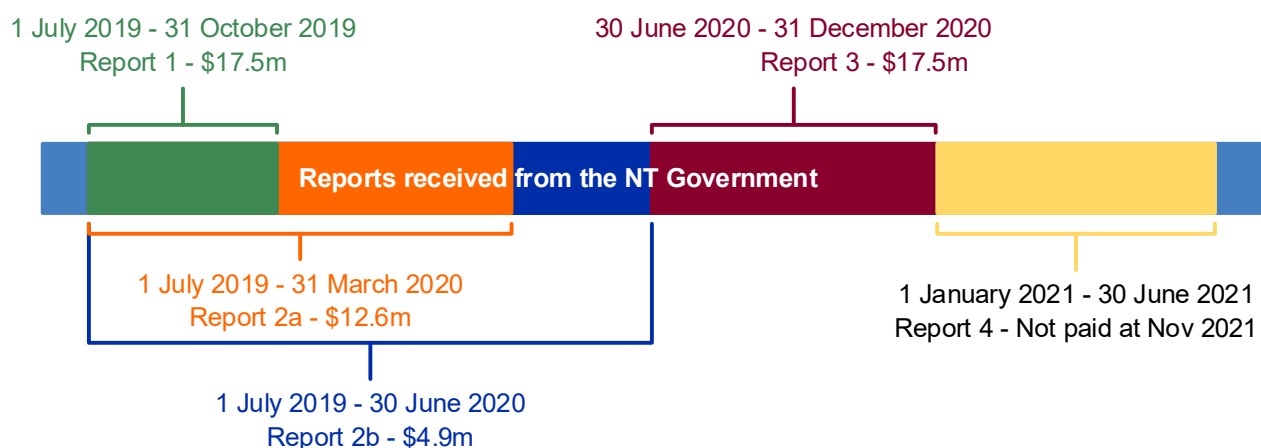
3.35 *The National Indigenous Australians Agency worked with the Northern Territory Government in 2021 to ensure Our Community Our Future Our Homes assurance and verification processes were captured in the National Partnership's Reporting Framework. The Agency has also worked with the Northern Territory Government from December 2021 to establish and implement an additional Commonwealth assurance and verification process for property and tenancy management services and Aboriginal employment.*

3.36 *Recent agreement between the Agency and the Northern Territory Department of Territory Families, Housing and Communities to embed Commonwealth housing officer/s in the Northern Territory Government will build on existing Northern Territory Government and Commonwealth assurance and verification.*

### Reporting periods

3.37 To claim a PTM payment, the NT Government must demonstrate its achievement of the PTM performance measures for the preceding reporting period. However, three of the five reports submitted by the NT Government have covered overlapping periods (see Figure 3.2).

**Figure 3.2: Reporting periods of NT Government performance reports**



Source: ANAO analysis of entity documentation.

3.38 The overlapping of reporting periods means that the data reported did not correspond with the period for which payments were claimed. For example, instead of receiving reporting that



70 per cent of properties received an annual inspection in the six months between 1 November 2019 and 31 May 2020, NIAA received data on the number of properties inspected in the nine months between 1 July 2019 to 31 March 2020, which included a period against which a payment had already been made (1 July to 31 October 2019). There is insufficient evidence to assess whether performance against the targets would have been equivalent if the reporting periods were consecutive, rather than overlapping.

3.39 NIAA accepted the NT Government's performance reporting and did not request that the NT Government provide data that aligned with the reporting periods for the payments claimed. In the two briefs to the minister relating to the overlapping periods, NIAA used the reporting periods stated in the Implementation Plan, not the dates the NT Government actually reported against.

- In the brief for Report 2a, NIAA used a reporting period from 1 November 2019 to 31 March 2020, when NT Government reporting was for 1 July 2019 to 31 March 2020.
- In the brief for Report 2b, NIAA used a reporting period from 1 November 2019 to 31 May 2020, when NT Government reporting was for 1 July 2019 to 30 June 2020.

3.40 NIAA advised the ANAO that the NT Government provided three sets of PTM reporting for 2019–20 with a reporting date starting 1 July 2019, because the PTM performance measures are agreed by the JSC annually. NIAA further advised that it understands the NT Government did so to reflect full performance across the year to date and provide a true average against the annual targets. NIAA accepted the NT Government's reporting method due to the targets being agreed annually.

## Has NIAA effectively assessed the achievement of local Aboriginal participation outcomes?

NIAA's assessment of the achievement of local Aboriginal participation outcomes has been partly effective. NIAA has not developed a risk-based framework for determining what assurance it should gain over the information provided by the NT Government to support its achievement of the Aboriginal employment target.

3.41 One of the National Partnership's outcomes is to ensure, to the maximum extent possible, that works are delivered by local Indigenous Territorians and businesses. Supporting this outcome, an annual payment of \$7.5 million is to be made upon the achievement of an Aboriginal employment target of 40 per cent in 2019–20, rising to 46 per cent by 2022–23. The Procurement Framework, which outlines the strategies for undertaking procurement activities, and the Aboriginal Employment and Business Enterprise Development Framework, which outlines the rationale and strategies for achieving the Aboriginal employment target, were endorsed at the first JSC meeting of August 2019.

3.42 To qualify for the employment payment the NT Government must submit a report which demonstrates its achievement against the target each financial year. As at November 2021, the NT Government had claimed the annual payments for 2018–19, 2019–20 and 2020–21. Table 3.4 presents the NT Government's reported achievement against the Aboriginal employment target, separating achievement for PTM and capital works, for the three years.

**Table 3.4: Aboriginal employment target achievement, 2018–19 and 2020–21**

	2018–19	2019–20 <sup>a</sup>		2020–21
	Report 1	Report 2a	Report 2b	Report 3
PTM (%)	63.9	60.3	60.2	51.5
Capital works (%)	No Australian Government funded capital works were completed	34.5	32	38.3
Combined PTM and Capital works (%)		54	49.9	44.1
Target (%)	No target	40		42
NIAA payment (\$m)	7.5	6.45 <sup>a</sup>	1.05 <sup>a</sup>	Not paid as at Nov 2021

Note a: For 2019–20 NIAA advised the minister that the payment should be split over two partial payments of \$6.45 million and \$1.05 million, to reflect that the NT Government's first claim only covered 83 per cent of the reporting period required.

Source: ANAO analysis of entity documentation.

3.43 For 2018–19 the full payment of \$7.5 million was made for PTM alone, as no capital works had been delivered under the National Partnership. Based on the achievement for PTM and capital works combined for 2019–20, NIAA recommended that the Minister for Indigenous Australians release the full annual payment of \$7.5 million (split across two partial payments). NIAA did not seek information for the NT Government on whether the Aboriginal workforce employed was from the local community for either payment, despite the fact that one of the National Partnership's outcome is to maximise the employment of local Aboriginal people.<sup>64</sup> (Recommendation no. 1 aims at NIAA revising the Implementation Plan, including clarifying the interpretation of the Aboriginal employment target).

3.44 Similar to the assessment of PTM services (see Paragraph 3.27), NIAA has not gained assurance over the information received from the NT Government to support their Aboriginal employment payment claims. In accordance with Recommendation no. 3, NIAA should develop a risk-based approach to gain assurance over reporting on Aboriginal employment.

<sup>64</sup> Local is defined as 'the community where services are being delivered' in the Aboriginal and Business Enterprise Development Framework endorsed by the JSC at the first meeting of August 2019.

## 4. Ensuring the achievement of outcomes

### Areas examined

This chapter examines whether the National Indigenous Australian Agency (NIAA) has ensured that the outcomes of the *National Partnership for Remote Housing Northern Territory* (the National Partnership) will be achieved.

### Conclusion

NIAA has been partly effective in ensuring that the National Partnership's outcomes will be achieved. NIAA has ensured a role for the Land Councils in the National Partnership's governance. However, NIAA has not been effective in managing the risks associated with the potentially conflicting priorities of the National Partnership: completing a large program of work in just over four years, while ensuring that housing quality is improved, Aboriginal communities are effectively involved in decision-making, and local Aboriginal people and businesses deliver the work. In addition, NIAA has not gained assurance that the Northern Territory (NT) Government is meeting its commitment to contribute \$550 million to remote housing over the life of the National Partnership.

### Areas for improvement

The ANAO made two recommendations aimed at NIAA: verifying that the local decision-making process is effectively implemented; and developing and implementing a risk management plan.

The ANAO also suggested that NIAA ensure the accelerated delivery of Australian Government funded houses does not impact on the NT Government's capacity to deliver the capital works funded under its Our Community. Our Future. Our Homes. (OCOFOH) program.

4.1 The National Partnership defines one of the NIAA's primary responsibilities as 'monitoring and assessing the performance of the delivery of the agreed program of works under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe'.<sup>65</sup>

4.2 Chapter 3 examined NIAA's assessment of the delivery of the program of works, which is tied to financial payments. The National Partnership also aims to achieve outcomes that are not linked to payments. These are:

- reducing overcrowding;
- ensuring a role for the Land Councils in the National Partnership's governance; and
- providing transparency about how money is spent.

4.3 In addition, the National Partnership seeks to engage Indigenous communities in housing decision-making processes, and commits the Australian Government, NT Government and the Land Councils to undertaking two reviews to continue the work towards establishing a sustainable model for remote Indigenous community housing in the NT.

4.4 This chapter examines NIAA's actions to ensure these outcomes and other objectives are being achieved. It also examines NIAA's management of risk, and its advice to the Minister for Indigenous Australians about the progress of the National Partnership.

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<sup>65</sup> Council of Australian Governments, *National Partnership for Remote Housing Northern Territory*, 30 March 2019, Clause 19(b).

## Has NIAA ensured overcrowding is reduced?

NT Government reporting indicates that overcrowding in communities covered by the National Partnership has been reduced from 58.1 per cent in 2017 to 54.1 per cent as at September 2021. Twenty months before the end of the five-year National Partnership, 19 per cent (363) of the agreed 1950 bedrooms were completed. In July 2021 the NT Government committed to complete the full program of capital works, which is intended to reduce overcrowding, by 30 June 2023. NIAA should ensure that the acceleration of the delivery of Australian Government funded houses does not impact on the NT Government's capacity to deliver its capital works under the OCOFOH program.

4.5 Reducing overcrowding in 73 remote NT communities and the 17 Alice Springs town camps is an agreed outcome of the National Partnership. The construction or extension of 1950 bedrooms, equivalent to 650 three-bedroom houses, by 30 June 2023 is the primary activity undertaken under the National Partnership to achieve this outcome.

4.6 The National Partnership does not define a target for the intended reduction in overcrowding by 30 June 2023. However, the proportion of overcrowded houses is one of the performance measures monitored by the Joint Steering Committee (JSC) and reported publicly by the NT Government on its website.<sup>66</sup> NT Government reporting against this measure indicated that as at 30 September 2021 the proportion of overcrowded houses had decreased from 58.1 per cent in 2017 to 54.5 per cent. The NT Government also reported to the JSC that it expects overcrowding to have reduced by 20 per cent on 2017 levels, to 46.5 per cent, by the end of June 2022.

4.7 NIAA advised that as at 30 September 2021, 363 bedrooms (equivalent to 121 three-bedroom houses) had been completed using Australian Government funding. This represented 19 per cent of the houses that should be delivered by June 2023.

4.8 As early as November 2019 and consistently after this date, NIAA has expressed concerns at the slow delivery of capital works during JSC meetings and emphasised to the NT Government that delivering housing was a priority. In October and November 2021, the NT Government Minister for Remote Housing and Town Camps and the Chief Executive Officer for the NT Department of Territory Families, Housing and Communities wrote to the Australian Government Minister for Indigenous Australians and to NIAA's Chief Executive Officer, committing to deliver the agreed program of works by June 2023. NIAA requested that the NT Government present a paper on procurement arrangements supporting accelerated housing construction at the JSC meeting scheduled for February 2022.

4.9 As the NT Government does not have a target for capital works funded through its co-contribution (discussed at Paragraphs 2.12 to 2.13), there is a risk that achievement of the capital works funded by the Australian Government under the National Partnership will be prioritised over capital works funded by the NT Government. NIAA should ensure that the acceleration of the delivery of Australian Government funded houses does not impact on the NT Government's capacity to deliver its capital works under the OCOFOH program.

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66 Department of Territory Families, Housing and Communities, *Our Community, Our Future, Our Homes* [Internet], available from <https://ourfuture.nt.gov.au/accountability-and-reporting/program-progress#/> [accessed 10 October 2021].

## Has NIAA ensured that Land Councils and local Aboriginal people are effectively engaged in decision-making?

NIAA has ensured that Land Councils have an effective role in the National Partnership's governance. The NT Government has implemented its local-decision making framework as part of the National Partnership, but NIAA has not gained assurance that this process has been implemented effectively.

4.10 The National Partnership commits to 'a genuine and mutually respectful formal partnership between governments and Aboriginal people from the NT'.<sup>67</sup> The two main mechanisms to achieve this objective are: the inclusion of the Land Councils in the JSC; and the implementation of the local decision-making policy to inform housing outcomes at the community level.

### Land Council participation

4.11 The Land Councils' key responsibilities at the JSC are:

- consulting with and representing communities with respect to housing policies and outcomes arising from the National Partnership;
- monitoring outcomes and investment under the National Partnership;
- participating in decisions of policy and strategy for remote housing;
- informing the JSC of other Land Council policies and programs in the NT that may impact on investments and programs occurring under the National Partnership;
- working with the NT Government on land matters necessary for the delivery of housing outcomes; and
- ensuring operational requirements relating to land matters, including land tenure consultations, are in place to effectively implement the National Partnership.

4.12 Housing is not a primary function of the Land Councils (see Paragraph 1.21). To support the role of the Land Councils in the National Partnership, the Minister for Indigenous Affairs agreed in October 2018 to provide \$900,000 over two years to the Northern Land Council for three additional full-time staff and operational costs associated with remote housing reforms. In March 2020 the Minister also agreed to provide \$300,000 to the Central Land Council to progress work on a new model for delivering remote housing in the NT.

4.13 The JSC terms of reference establish that each Land Council should have two representatives at the JSC, including the Land Councils' Chief Executive Officers. Representatives from at least two Land Councils are required to reach the quorum for a formal JSC meeting. Each JSC meeting should be co-chaired by a representative of one of the Land Councils and a representative of either the Australian or NT Governments (on a rotating basis). For the first ten meetings to September 2021, the four Land Councils were represented at each meeting (except for meeting 7 of March 2021 and meeting 10 of November 2021, for which the Anindilyakwa Land Council representatives were apologies) and co-chaired the meeting on a rotating basis. The Land Councils are also represented in the two JSC sub-committees (the reporting sub-committee and leasing and housing review sub-committee).

<sup>67</sup> COAG, *National Partnership for Remote Housing Northern Territory*, 30 March 2019, Preamble.

4.14 The level of representation of Land Councils in the JSC suggests that the JSC has been an effective forum to support Land Councils' participation in decisions of policy and strategy for remote housing. In discussions with the ANAO the Land Councils confirmed that their involvement had generally been effective. The inclusion of the Land Councils in the JSC has allowed them to participate in decisions of broad policy and strategy for remote housing, as stated in the National Partnership.

4.15 During the National Partnership's negotiations, NIAA played a key role in ensuring that the Land Councils were represented in the National Partnership's governance. This resulted in the National Partnership being the first national partnership agreement for remote housing to include Land Councils in the governance structure, in line with Priority Reforms 1 and 3 of the *National Agreement on Closing the Gap* (see Table 2.2). The Australian Government's *Closing the Gap Implementation Plan* refers to Land Councils' oversight role in the National Partnership as one of the areas where the objectives of Priority Reform 1 (partnership and shared decision-making) are being implemented.<sup>68</sup>

4.16 However, as noted at Paragraph 3.8, the insufficient visibility on scheduled capital works has impacted on the ability of the Land Councils to effectively consult with and represent their communities with respect to the timing and location of houses scheduled for construction or extension. Further, as noted in at Paragraph 3.28, some Land Councils indicated that they have not always had the capacity to fulfil the role that NIAA expected in relation to providing broad assurance over the progress and quality of property and tenancy management (PTM) services and capital works.

### **Community engagement and the local decision-making policy**

4.17 Under the National Partnership, capital works must be informed by the local decision-making principles and the NT Government must report to the JSC on the implementation of the local decision-making policy in the capital works program.

4.18 The local decision-making policy is the NT Government's strategy to provide communities with the opportunity to have input into improvements to housing through a community engagement and design process. The policy was developed to be applied to the OCOFOH program and was incorporated into the National Partnership. Under the policy, houses are to be 'co-designed with local decision-makers and individual families to ensure they are place-based, directly related to local priorities and are underpinned by sustainable local employment initiatives'.<sup>69</sup>

4.19 Implementation of local decision-making involves meetings held by the NT Government with communities at several points in the rollout of the capital works program, to determine the design and location of houses, the schedule of construction, and whether locally operating Aboriginal Business Enterprises (ABEs) have the capacity to deliver works. Parameters that are discussed with the communities include:

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68 NIAA, *Closing the Gap Implementation Plan* [Internet], NIAA, Canberra, July 2021, p. 46, available from, <https://www.niaa.gov.au/sites/default/files/publications/commonwealth-implementation-plan-130821.pdf> [accessed 15 October 2021].

69 Department of Local Government, Housing and Community Development, *Our Community, Our Future, Our Homes, Local Decision-Making Framework* [Internet], August 2020, p. 8, available from [https://ourfuture.nt.gov.au/data/assets/pdf\\_file/0006/926178/local-decision-making-framework.pdf](https://ourfuture.nt.gov.au/data/assets/pdf_file/0006/926178/local-decision-making-framework.pdf) [accessed 29 September 2021].



- for new houses — location and housing options (for example, three or four bedrooms, duplex), floor plan designs (including bathroom, veranda and kitchen) and fabrication (for example, brick or cladding); and
- for renovations and extensions — location and options (for example, renovation or addition of bedrooms, living spaces, outdoor kitchen or undercover areas, and granny flats for the elderly) and improvement of existing amenities (for example, wet areas or disability modifications).

4.20 Some parameters are non-negotiable. Works are excluded that: are not considered by the NT Government to be reasonable in cost and value for money; would exceed the essential services capacity of a community; or are not within reasonable distance of existing infrastructure or within a safe location (for example, within a flood zone). Renovations or extensions are not acceptable if they do not improve overcrowding levels (unless they address the needs of special groups, such as residents with disability), or for dwellings that have been classified as beyond economic repair. The works must also comply with leasing arrangements, planning zones and building standards.

4.21 Figure 4.1 illustrates the modular models for new houses and extensions used to discuss the different construction options with communities.

**Figure 4.1: Models of new houses and extensions**



Source: ANAO.

4.22 The Australian Government's *Closing the Gap Implementation Plan* refers to local decision-making processes, such as the process implemented under the National Partnership, as an avenue to provide an Aboriginal and Torres Strait Islander voice in housing strategy and decisions.<sup>70</sup> The 2017 Remote Housing Review states that local engagement, when done well, delivers better housing.<sup>71</sup>

4.23 The NT Government has updated the JSC on the schedule of visits to communities conducted to implement the local decision-making process at most JSC meetings, providing on four occasions the list of communities visited or scheduled to be visited. On three occasions, during JSC

70 NIAA, *Closing the Gap Implementation Plan* [Internet], July 2021, p. 46.

71 Department of the Prime Minister and Cabinet (PM&C), *Remote Housing Review*, October 2017, pp. 37–38.

meetings in 2019 and 2021, the NT Government invited NIAA and the Land Councils to attend a community engagement meeting to observe the local decision-making policy in practice. In October 2021 NIAA advised the ANAO that, despite several attempts to visit communities to view capital works progress, these visits had not occurred due to the impact of COVID-19's border and community closures.

4.24 As noted at Paragraph 3.32, in November 2021 the Reporting Framework was updated to state, for each set of performance measures, the validations applied by the NT Government for data reported to the JSC. For the community engagement and local decision-making process performance measures, the validations noted in the Reporting Framework consist of conducting a desktop verification that the planned meetings have been conducted as scheduled and NT Government recording systems being subject to audit.

4.25 NIAA has not sought confirmation from the NT Government that the local decision-making process is being effectively implemented as part of the National Partnership, including whether it has been evaluated to verify, for example, that communities have been appropriately represented at the meetings, or communities' decisions were fully informed and adequately implemented.

#### **Recommendation no. 4**

4.26 National Indigenous Australians Agency establish appropriate risk-based assurance arrangements to ensure that the local decision-making process has been effectively implemented and is an effective strategy to achieve 'a genuine and mutually respectful formal partnership between governments and Aboriginal people from the Northern Territory'.

**National Indigenous Australians Agency response:** *Agreed.*

4.27 *The National Indigenous Australians Agency worked with the Northern Territory Government in 2021 to ensure Our Community Our Future Our Homes assurance and verification processes were captured in the National Partnership's Reporting Framework. Recent agreement between the Agency and the Northern Territory Department of Territory Families, Housing and Communities to embed Commonwealth housing officer/s in the Northern Territory Government will build on existing Northern Territory Government assurance and verification.*

4.28 *The Agency notes the important role of local Housing Reference Groups in Northern Territory Government community consultation on housing priorities. Any process to obtain assurance that the Northern Territory Government's Local Decision Making process has been implemented effectively must be mindful and respectful of the role of the Housing Reference Groups.*

#### **Has NIAA ensured that the reviews to inform a future remote housing model have been undertaken?**

The agreed reviews that are expected to help plan for a sustainable housing model after the expiry of the National Partnership have not been completed. The leasing and housing review has been delayed and is due for completion early 2022, and the land servicing review has not commenced.



4.29 Under the National Partnership, all members of the JSC share responsibility for conducting two reviews:

- a review of the remote leasing and housing model (leasing and housing review); and
- a review of land servicing costs and availability (land servicing review).

4.30 Secretariat, including responsibility for preparing draft terms of reference for the reviews, sits with the Australian Government for the leasing and housing review and with the NT Government for the land servicing review.

### Leasing and housing review

4.31 During the negotiation of the National Partnership, the Australian Government expressed an intention to move towards an Aboriginal-controlled remote housing model. The housing review is expected to progress this project, continuing 'the work towards options for sustainable remote Indigenous community housing in the NT', and acknowledging that:

The current government-led and implemented model .... may no longer meet the aspirations of remote communities for more influence in housing delivery and more opportunities for local and regional Aboriginal organisations to be involved in housing management and service delivery.<sup>72</sup>

4.32 At the first JSC meeting of August 2019, a decision was made to establish a sub-committee to conduct the review. The sub-committee includes representatives from NIAA, the NT Government, the four Land Councils, the Office of Township Leasing<sup>73</sup> and several Aboriginal peak body organisations.<sup>74</sup> The subcommittee met six times between February 2020 and March 2021.<sup>75</sup>

4.33 Terms of reference for the review, drafted by NIAA, were endorsed by the JSC in February 2020, and a decision was made to split the housing review in two components: a leasing review looking at current and potential future leasing arrangements for remote community and homelands housing; and a remote housing review aiming to improve and optimise the remote housing model, with a particular focus on community housing alternatives. The draft report for the leasing review (conducted by Milika Consulting) was submitted to the JSC for consideration in March 2021. The report found that while the current leasing system had broad support across housing stakeholders, some aspects of the current arrangements were less than optimal, including:

... lengthy and complex documents, differing tenure systems, a lack of timeliness in negotiating leases, no realistic pathway to home ownership and an anomaly concerning funding for new housing on homelands/outstations.

4.34 The report for the housing model was commissioned from PricewaterhouseCoopers' (PwC's) Indigenous Consulting in September 2021, with a final report expected in early 2022.

4.35 The timeframe for completing the leasing and housing review has been delayed several times, from a final date of June 2020 to mid-2022 (as at November 2021). The outcomes of the

<sup>72</sup> *Sub-Committee to conduct a Joint Review of the Remote Housing Model in the Northern Territory*, Terms of Reference, p. 2

<sup>73</sup> The Office of Township Leasing assists the Executive Director of Township Leasing with the management of township leases.

<sup>74</sup> The peak body organisations represented are: Aboriginal Peak Organisations NT (APONT); Aboriginal Housing NT; Yilly Rreung Aboriginal Housing Corporation; and the Tangentyere Council.

<sup>75</sup> NIAA advised the ANAO in January 2022 that the subcommittee also met in September 2021, October 2021, January 2022, and was scheduled to meet in February 2022.

review are expected to inform housing arrangements after the end of the National Partnership in June 2023, including (as stated in the Australian Government's *Closing the Gap Implementation Plan*) options for community-controlled housing in the NT.<sup>76</sup> As a part of Closing the Gap Priority Reform 2, the community-controlled housing sector is one of the priority areas for the development of a Sector Strengthening Plan.<sup>77</sup> This plan, due for completion in April 2022, should be informed by the leasing and housing review.<sup>78</sup>

4.36 Due to its interdependences with these other priority actions, NIAA should work with the NT Government, Land Councils and NT housing peak body organisations to ensure that completion of the leasing and housing review is not further delayed.

### Land servicing review

4.37 The land servicing review aims to examine strategies to manage more effectively the issues associated with high cost of servicing land in remote communities and the limited land availability resulting from environmental and other factors, such as water availability or seasonal flood risk. As at November 2021, no progress had been made on conducting the review.<sup>79</sup>

### Has NIAA ensured transparency about how money has been spent?

NIAA has been partly effective in ensuring transparency about how money has been spent. A NT Government public website, updated quarterly, publishes comprehensive information on investment and progress of the program of works, including at a community level. However, NIAA does not have assurance that the NT Government will meet its \$550 million co-contribution commitment over the life of the National Partnership.

4.38 Advice sent by the Department of the Prime Minister and Cabinet (PM&C) to the Minister for Indigenous Affairs in August 2018 highlighted the importance of financial transparency being reflected in the National Partnership. The Australian Government's objective was to ensure that under the National Partnership there would be full public transparency over how funding was spent and where it was having an impact. While the primary mechanism for the delivery of the Australian Government investment is through the NT Government OCOFOH program, the brief outlined an expectation that there would be clear and demarcated transparency between the Australian and NT Governments funding contributions. This transparency would also address Aboriginal communities' requests for information on the timing and modalities of housing investments made in their communities. For ease of access, information on the National Partnership's performance and investments would be available publicly on a NT Government website.

4.39 The National Partnership Implementation Plan makes provision for the development of a Reporting Framework, in order to define the measures that should be reported to demonstrate progress and support assessment of milestones. The Reporting Framework's purpose is to support

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76 The review is included as one of the actions of the Australian Government *Closing the Gap Implementation Plan* to progress towards Outcome 9 (appropriate, affordable housing); NIAA, *Closing the Gap Implementation Plan* [Internet], July 2021, p. 149.

77 NIAA, *Closing the Gap Implementation Plan* [Internet], July 2021, p. 46.

78 NIAA advised the ANAO that it has kept the Department of Social Services, as co-chairs of the Sector Strengthening Plan Working Group, informed of preliminary findings of the housing review.

79 In January 2022, the NT Government advised the ANAO that data on lots and land servicing costs would be provided to the JSC in lieu of a formal review.

the JSC's monitoring of the National Partnership outcomes and milestones payments. It also aims to promote transparency of the program's investments and outcomes for the range of stakeholders involved in housing.

4.40 The JSC decided to establish a subcommittee to consider the Reporting Framework at the first August 2019 meeting, but the framework was not endorsed until the JSC meeting of November 2020.<sup>80</sup>

4.41 The Reporting Framework reflects reporting processes existing under the OCOFOH program, and identifies measures that relate specifically to the National Partnership. For each of the 80 measures included, the framework specifies the data source and whether the results are to be reported publicly (on the NT Government's OCOFOH program website) or only to the JSC.<sup>81</sup> The measures specific to the National Partnership are presented in Table 4.1.

**Table 4.1: Performance measures for the National Partnership**

Performance measures	Reported to
<b>Capital Works</b>	
Proportion of overcrowded houses	JSC and website
Change in total number of bedrooms	JSC and website
Value of contracts awarded and total expenditure, separately identifying new houses built and extensions	JSC and website
Number of bedrooms completed, separately identifying new houses built and extensions	JSC and website
Number of houses completed (separately identifying new houses built and extensions; and houses completed that replace an existing house that was beyond economic repairs)	JSC and website
<b>PTM</b>	
Gap between total rent collected and rent charged, as a proportion	JSC
Tenancies with an agreement to pay in place as a proportion of total tenants in rental arrears	JSC
Properties that have tenancy agreements in place with the tenants within eight weeks of handover of capital works (percentage)	JSC
Properties receiving annual property inspections (percentage)	JSC
Aboriginal people employed to deliver PTM services (percentage)	JSC
PTM contracts awarded to Aboriginal Business Enterprises <sup>a</sup> (ABE) (percentage)	JSC

80 However, as noted at Paragraph 3.17, the PTM measures, which supported the payments to the NT Government of May and June 2020, had been endorsed separately by the JSC at the first meeting of August 2019.

81 Department of Territory Families, Housing and Communities, *Our Community, Our Future, Our Homes* [Internet].

Performance measures	Reported to
Aboriginal employment and business enterprise development	
Proportion of Aboriginal people employed to deliver housing works and services	JSC and website
Number of contracts awarded to ABE overall	JSC and website

Note a: An ABE is defined under the National Partnership as 'an organisation that is 50 per cent or more Aboriginal owned or controlled that is operating as a business, including companies, incorporated associations, trusts and social enterprises or registered charities if they operate as a business; or another form of Aboriginal organisation as agreed by the JSC.' Northern Territory Department of Local Government, Housing and Community Development, *Aboriginal Employment and Business Enterprise Development Framework*, September 2019, p. 3.

Source: Northern Territory Government, *Our Community. Our Future. Our Homes. Reporting Framework*, Appendix A, October 2020.

## Public reporting

4.42 Of the 80 performance measures listed in the Reporting Framework, 70 per cent (55) were reported on the NT Government's OCOFOH program website.<sup>82</sup> The information is cumulative, updated quarterly and includes, for each program (HomeBuild or Room to Breathe), community and funding source (Australian or NT Government): expenditure; houses and bedrooms planned and completed; community engagement visits; proportion of Aboriginal employment; and impact on overcrowding.

4.43 For instance, the website indicates that in Hermannsburg, as at 30 September 2021, 46 houses had been approved for construction or extension, 24 of which had been completed. The Australian Government had spent \$7.9 million and the NT Government \$950,600. The proportion of overcrowded houses had decreased from 53.6 per cent at the start of the OCOFOH program to 51.1 per cent, and 15 community engagement visits had been conducted under the local decision-making process. For the year 2021–22 to date, 14.4 per cent of the full-time equivalent workforce employed to deliver the housing program in Hermannsburg were Aboriginal (34.5 per cent since the start of the OCOFOH program).

82 Department of Territory Families, Housing and Communities, *Our Community, Our Future, Our Homes* [Internet]. NIAA advised that it cross-checks the publicly available reporting against the quarterly reporting provided to the JSC where practicable.

**Figure 4.2: A completed modular house in Hermannsburg**

Source: ANAO.

4.44 Table 4.2 shows the financial information that was reported as at 31 October 2021, at the OCOFOH program level.

**Table 4.2: Financial information reported on the NT Government website, as at 31 October 2021**

	Australian Government (\$ million)			NT Government (\$ million)		
	Program budget	Contracts awarded <sup>a</sup>	Total expenditure	Program budget	Contracts awarded <sup>a</sup>	Total expenditure
Capital Works	375.0	47.7	105	900.0 <sup>b</sup>	339.0	195.7
Repairs and Maintenance (PTM)	175.0	–	114.7	200.0	–	81.8
<b>Total</b>	<b>550.0</b>	<b>47.7</b>	<b>219.7</b>	<b>1100.0</b>	<b>339.0</b>	<b>277.5</b>

Note a: The value of the contracts awarded does not include contracts completed (which are recorded in total expenditure).

Note b: NT Government capital works budget includes \$200 million for government employee housing.

Source: Northern Territory Government, *Our Community. Our Future. Our Homes*. [Internet], available <https://ourfuture.nt.gov.au/accountability-and-reporting/program-progress#/> [accessed 14/12/2021].

4.45 The publicly available information is comprehensive and can provide good visibility for stakeholders and residents to understand and confirm work conducted in communities.

## Reporting to the JSC

4.46 Annual capital works plans are expected to enable the JSC to monitor the progress of building works, and to provide NIAA a framework against which to schedule payments. The plans should play an important role in the implementation of the National Partnership and provide the

JSC with visibility over the program of works planned and delivered, and confidence that progress is being made towards the National Partnership's objective.

4.47 As discussed at Paragraphs 3.4 to 3.8, until October 2021 capital works plans prepared by the NT Government had not met the expectations as set out in the National Partnership. The first three annual plans were submitted after or towards the end of the year they covered, and did not provide the expected visibility on scheduled work.

4.48 Improvement to performance reports provided by the NT Government has been a topic of discussion at several JSC meetings, and reporting has not been consistent. Detailed financial reporting was provided at the JSC meetings of August 2020, November 2020 and March 2021 and included information on expenditure to date and forecast expenditure for each government by component (capital works, PTM and Indigenous employment). However, reporting provided at the July 2021, September 2021 and November 2021 JSC meetings included information on expenditure to date by component, but not a breakdown by source (Australian Government or NT Government).

4.49 NIAA advised that the decision to report capital works progress jointly for the Australian and NT Governments was made in consultation between NIAA and the NT Government, and aimed to provide a high-level performance reporting that would enable the JSC members to more clearly track and jointly manage the agreed capital works program.

## **Reporting to the Australian Government**

4.50 Reporting is provided separately to the Australian Government in support of the NT Government's claims for payment. The reporting provided by the NT Government in support of its claims for PTM and Aboriginal employment, examined at Paragraphs 3.17 to 3.44, consists of the record of the NT Government's achievement against the relevant performance measures. The reporting supporting the November 2021 claim for capital works completed to 30 June 2021 consisted of a list of houses where work had been completed, at the community level, indicating that the work had been done using the funding originating from the Australian Government.

4.51 Reporting should also be provided to NIAA demonstrating how the NT Government is meeting its commitment to make a co-contribution of \$550 million dollars over the life of the National Partnership through its OCOFOH program.<sup>83</sup>

4.52 NIAA informed the ANAO that it receives verbal updates from NT Government on program expenditure against its matching commitment. As at 30 June 2021, NIAA understood that the NT Government's matched expenditure for the period 2018–19 to 2020–21 was \$314.1 million. However, reporting on the NT Government website indicated that the total expenditure under the OCOFOH program as at 31 July 2021 since 2017–18 (one year before the beginning of the National Partnership) was \$259.5 million.

4.53 NIAA further advised that annual capital works plans also provide anticipated NT Government matched expenditure, and that the 2021–22 annual capital works plan indicated that the NT Government has programmed a total expenditure of \$165 million (including \$82.9 million on infrastructure and land servicing, \$62.5 million on HomeBuild, \$16.7 million on Room to Breathe

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83 The Implementation Plan specifies that the NT Government retains the flexibility to move its funds between components and/or years, as long as the overall amount of funding does not decrease over the life of the National Partnership.



and \$3.4 million on demolitions). NIAA also advised the ANAO that it understands governments have maintained a shared understanding since the beginning of National Partnership that the NT Government's expenditure on land servicing should be counted as part of the NT Government's matched expenditure. However, the National Partnership states that the NT Government's co-contribution is part of the funding committed under its OCOFOH program, which does not include land servicing.<sup>84</sup> Further, as noted at Paragraph 2.33, when the National Partnership was negotiated, the Australian Government considered land servicing to be additional to the funding under the National Partnership.

4.54 As a consequence, NIAA does not have assurance that the NT Government will meet its co-contribution commitment over the life of the National Partnership.

### Have risks to the delivery of the National Partnership been managed effectively?

NIAA has not managed risks to the delivery of the National Partnership effectively. Despite there being risks associated with the prioritisation of housing construction over other National Partnership outcomes, and to the achievement of the program of works within the agreed timeframe, NIAA had not developed an internal risk management plan as at November 2021. The JSC commenced work on a risk plan in July 2021, which was incomplete as at November 2021.

### Prioritising housing construction

4.55 As noted at Paragraph 4.8, NIAA's key concern when monitoring NT Government's delivery of the program of works has been the slow pace of construction, and NIAA has consequently focused on seeking to accelerate the delivery of houses. However, NIAA has not obtained assurance that: housing meets required standards (see Paragraphs 3.12 to 3.13); works are delivered by local Indigenous Territorians and businesses (see Paragraph 3.43); and the local decision-making process effectively informs construction (see Paragraph 4.25).

4.56 There is a risk that, in prioritising an accelerated delivery, other outputs and outcomes are negatively impacted, especially given the shortened timeframe available (just over four years) and the conditions of construction in remote locations (where, for example, access may be restricted for several months every year during the wet season). Box 2 below shows that objectives such as Aboriginal employment and local decision-making have the potential to lead to positive social and economic outcomes and more sustainable housing, although their establishment and implementation require time.

84 COAG, *National Partnership for Remote Housing Northern Territory*, 30 March 2019, Clause 30. The NT Government's website states that 'in addition to the \$1.1 billion Our Community. Our Future. Our Homes. program, \$432.8 million is being invested in land servicing and headworks to increase the serviced lots and related infrastructure to support new houses'. NT Government, *Our Community. Our Future. Our Homes. Land Servicing* [Internet], available from <https://ourfuture.nt.gov.au/about-the-program/land-servicing> [accessed 1 December 2021].

## Box 2: Fast and slow build in Galiwin'ku

The 2017 Housing Review refers to the program of mixed fast and slow build implemented in the community of Galiwin'ku to balance the urgent need for housing with the longer term opportunity of local training and employment.

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.

Source: PM&C, *Remote Housing Review*, October 2017, p. 58.

4.57 The National Partnership incorporates some potentially conflicting priorities: delivering 650 quality houses in just over four years; while at the same time implementing a local-decision making process and providing local employment. To reconcile these priorities, robust risk management would have been required to inform NIAA's monitoring of the National Partnership and to guide the JSC's decisions.

### NIAA's approach to administering the National Partnership

4.58 The delivery of Indigenous programs generally requires a high level of collaboration and integration between different levels of governments. National partnership agreements were designed to promote this collaboration and encourage shared accountability for outcomes. The *National Indigenous Reform Agreement (Closing the Gap)* (NIRA) highlighted this requirement for effective collaboration as a priority (see NIRA's integration principle in Table 2.1).

4.59 The ANAO 2011 performance audit of the *National Partnership Agreement on Remote Indigenous Housing in the NT* (NPARIH) noted that, whereas in the early stages of the NPARIH implementation the Australian Government had largely adopted the position of being the funder of a program to be delivered by the NT Government, subsequently joint management arrangements were established leading to responsibility for program delivery and the overall accountability for results being shared between the two governments. The ANAO audit found that these joint arrangements had given the Australian Government greater visibility over key implementation issues and had assisted with managing progress and risks.<sup>85</sup>

4.60 Similarly, the 2017 Remote Housing Review of NPARIH noted that a regional governance structure has the potential to facilitate better program administration:

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85 Auditor-General Report No.12 of 2011–12 *Implementation of the National Partnership Agreement on Remote Indigenous Housing in the Northern Territory*, paragraphs 2.62 and 2.63.



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.<sup>86</sup>

4.61 Since the commencement of the National Partnership, NIAA has focused on its monitoring role to ensure the delivery of the program of works, using a model of administration based on core staff located in the NIAA national office in Canberra and travelling to the NT when necessary or possible. The restrictions due to the COVID-19 pandemic since early 2020 have limited NIAA's ability to travel to the NT, including to conduct face to face meetings.

4.62 The benefits of having NIAA officials based in the NT and working closely on implementation issues as they arise have been discussed at several JSC meetings.

4.63 In November 2021 the Chief Executive Officer of NIAA wrote to the Department of Territory Families, Housing and Communities to offer that an NIAA officer be embedded in the department. NIAA expects that this change will ensure greater coordination and integration between NT Government remote housing program delivery and Australian Government Indigenous employment and business support programs, and enhance assurance and verification processes for the National Partnership reporting.

## Risk management

4.64 As at November 2021, NIAA had not developed an internal risk management plan for the National Partnership.<sup>87</sup>

4.65 In March 2021 the NT Government provided a draft risk management plan to NIAA for comments, ahead of a risk workshop to be conducted with JSC members in May 2021. NIAA returned its comments on the plan in April 2021. The risk workshop was conducted in July 2021, but did not use the draft and incomplete risk management plan. Instead a new risk register was drafted and submitted to the September 2021 JSC meeting, identifying seven key risk categories (outlined in Table 4.3) and corresponding causes, consequences and mitigation actions.

**Table 4.3: Draft risk register categories as at September 2021**

Risk categories
1. Community expectations are not met.
2. Property and Tenancy Management services are not effective.
3. Delivery of 1950 bedrooms not achieved by June 2023.
4. Future program planning is not completed by the end of the current agreement.
5. Insufficient Aboriginal employees and ABE to deliver the accelerating program.
6. Insufficient serviced land and inadequate essential services.
7. Ineffective program governance and collaboration of partners/stakeholders.

Source: ANAO, based on NIAA and NT Government documents.

<sup>86</sup> PM&C, *Remote Housing Review*, October 2017, p. 67.

<sup>87</sup> In January 2022, NIAA advised the ANAO it had finalised its internal risk management plan.

4.66 NIAA endorsed the risk register out of session on 11 October 2021. One of the actions listed in the risk register was the finalisation of the JSC Governance Framework, including a risk management plan, but no finalisation date was indicated. The risk register was renamed strategic risk report and submitted to the November 2021 JSC meeting. A new 'status' section indicated that risks had been addressed through:

- a work plan that included the following items: communication strategy; PTM measures; land servicing review; progress reporting; Aboriginal Employment and Business Development; and Governance Framework; and
- improved progress reporting.

4.67 As at November 2021, none of the work plan items had been completed.<sup>88</sup> In addition, while 'improved progress reporting' was identified as addressing the risk of not achieving the delivery of 1950 bedrooms by June 2023 (risk no. 3), no explanation is provided for how this action had addressed the risk.

### Recommendation no. 5

4.68 National Indigenous Australians Agency:

- (a) develop and implement an internal risk management plan for management of the *National Partnership for Remote Housing Northern Territory*; and
- (b) work with the Joint Steering Committee to finalise and implement its risk management plan.

**National Indigenous Australians Agency response:** *Agreed.*

4.69 *The National Indigenous Australians Agency worked with the Northern Territory Government in 2021 to formalise joint risk management through the National Partnership's Joint Steering Committee. The Agency will continue to work with the Northern Territory Government to finalise a National Partnership specific risk management plan to complement the existing Joint Steering Committee Strategic Risk Report. The Agency has ensured its internal risk management documentation captures risks identified by the Joint Steering Committee.*

### Has advice to the minister on the National Partnership's progress been timely and based on sound analysis?

Advice to the minister has been timely and regular, and has primarily documented the slow pace of housing construction. NIAA's advice has not always been based on complete analysis as it has not included: progress against some of the outputs; information on the NT Government's financial co-contribution; and analysis of some of the factors underpinning the slow delivery of houses.

88 In January 2022, NIAA provided the ANAO a copy of a draft JSC Governance Framework package, including a draft Risk Management Framework and conflict declaration template, which had been presented to the JSC ahead of its February 2022 meeting. The NT Government advised the ANAO that the communication strategy would also be presented to the JSC at the February 2022 meeting.

4.70 Between September 2019 and September 2021, NIAA provided 14 briefs to the minister on the National Partnership. During this time, NIAA provided regular updates on the progress of the development of options for Aboriginal-controlled remote housing delivery and the work of the JSC subcommittee on the joint review on housing and leasing model, including consultations undertaken with key stakeholders, policy and legal work supporting the reform, and delays encountered conducting the joint review.

4.71 As early as September 2019 (six months after the National Partnership was executed) and in all subsequent briefs, NIAA expressed concerns at the slow pace of delivery of the capital works program. NIAA explained in its advice to the minister that this was due to a range of factors including delays in the execution of the National Partnership (signed on 30 March 2019) and the COVID-19 pandemic, which restricted remote area travel or access and impacted on supply chains.

4.72 From April 2020, NIAA raised the risk that the program of construction may not be completed over the duration of the National Partnership and suggested strategies to address this risk, including: receiving from the NT Government annual capital works plans that provide adequate visibility on work schedule and reviewing the Implementation Plan to improve its clarity.

4.73 While NIAA provided regular updates on the rollout of the capital works program, the advice was incomplete as it did not include coverage of the following important considerations.

- Progress against all of the National Partnership's outputs — The first brief, in September 2019, provided information on how different options for housing construction may impact overcrowding, housing quality, Indigenous employment and local decision-making. Subsequent briefs focused on the slow delivery of capital works and NIAA's efforts to obtain assurance from the NT Government that the pace of construction would increase, but did not document the impact the pressure of accelerated construction may have on the National Partnership's other outcomes and outputs.
- Advice on co-contributions — The advice did not document whether the NT Government was meeting or likely to meet its commitment to match the Australian Government's financial contribution over the duration of the National Partnership.
- A robust analysis of all the factors underpinning the slow delivery of houses — The advice did not document whether contextual factors (such as the limited time available in communities affected by the wet season, difficulties in sourcing construction material, communities' prioritisation of culture obligations, or difficulties in finding an interpreter to conduct community consultations) had been adequately factored in the delivery of the program of work.

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Grant Hehir  
Auditor-General

Canberra ACT  
22 February 2022



## **Appendices**

## Appendix 1 Entity responses



**CHARLES PERKINS HOUSE  
16 BOWES PLACE  
WODEN**

Reference: EC22-000018

Mr Grant Hehir  
Auditor-General for Australia  
Australian National Audit Office  
[OfficeoftheAuditorGeneralPerformanceAudit@anao.gov.au](mailto:OfficeoftheAuditorGeneralPerformanceAudit@anao.gov.au)

Dear Mr Hehir

Thank you for the opportunity to respond to the Remote Housing in the Northern Territory (NT) performance audit provided on 20 December 2021. This letter provides a response from the National Indigenous Australians Agency (NIAA) for preparation of the final report by the Australian National Audit Office (ANAO).

The National Partnership for Remote Housing NT (the National Partnership) is delivering \$550 million of Commonwealth investment in remote housing through the NT Government's existing Our Community Our Future Our Homes (OCOFOH) program, including Local Decision Making processes and procurement policies, which support local Aboriginal employment and Aboriginal business enterprises.

The National Partnership achieves a genuine and mutually respectful formal partnership between governments and with Aboriginal people through Local Decision Making and through inclusion of the Northern Land Council, Central Land Council, Anindilyakwa Land Council and Tiwi Land Council in the National Partnership's Joint Steering Committee (JSC).

NIAA's approach to ensuring National Partnership delivery and achievement of outcomes has been guided by these commitments to deliver through existing NT Government approaches and to work in partnership through the JSC.

Following the National Partnership's finalisation in March 2019, NIAA worked closely with the NT Government and the NT Land Councils to establish JSC operations and develop JSC-approved implementation and reporting frameworks. The JSC monitored the NT Government's delivery of NT-funded housing while establishing the delivery pipeline for Commonwealth funded construction through procurement, Local Decision Making engagement and delivery of essential services and land servicing.

Throughout the National Partnership's implementation, the JSC has overseen implementation in the context of the ongoing challenges of remote housing and infrastructure delivery, COVID-19 related impacts on community access, local workforce availability and national

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supply chains, and the need to support delivery of joint government investment to alleviate overcrowding. The NT Government commenced Commonwealth funded housing construction in June 2020, further to delays in National Partnership finalisation and work to establish the delivery pipeline. NIAA has worked closely with the NT Government to reprogram Commonwealth funded delivery to June 2023 with JSC approval.

NIAA has worked with the NT Government to formalise joint risk management through the JSC that builds on existing OCOFOH risk management. NIAA has ensured its internal risk management documentation captures JSC-identified risks. I note the sole objective of the National Partnership is to improve housing conditions and reduce overcrowding. To this end, the JSC continues to monitor the NT Government's acceleration of delivery of combined government investment while considering adjustments that ensure other National Partnership outcomes are still achieved. The NT Government is providing assurance of timely delivery.

NIAA has worked with the NT Government to ensure OCOFOH assurance and verification is captured in the JSC-approved Reporting Framework and to establish an additional Commonwealth assurance and verification process for Commonwealth funded housing construction in advance of the NT Government's first capital works milestone claim for completed houses in November 2021. An additional Commonwealth verification and assurance process for delivery of property and tenancy management (PTM) and Aboriginal employment is being finalised.

NIAA continues to work with the NT Government on technical amendments to the National Partnership's Implementation Plan to ensure clearer and more practical reporting settings. Recent agreement between NIAA and the NT Department of Territory Families, Housing and Communities to embed Commonwealth housing officer/s in the NT Government will refine reporting processes further, building on NT Government practices.

NIAA agrees with the ANAO's five recommendations. NIAA has provided responses to each recommendation noting relevant actions already taken and underway. For accuracy, I note the ANAO's conclusion should acknowledge that a Commonwealth assurance and verification process for Commonwealth funded housing construction had been developed and agreed between NIAA and the NT Government in advance of the NT's submission of its first capital works milestone claim for completed houses in November 2021.

The ANAO's performance audit has provided NIAA with a valuable opportunity to examine National Partnership settings at the mid-point of implementation and to work with our JSC partners to further strengthen joint National Partnership oversight. NIAA thanks the ANAO for its engagement. NIAA also wishes to thank our NT Government and NT Land Council colleagues for their continued efforts to work with NIAA to ensure effective National Partnership implementation.

Yours sincerely



**BLAIR EXELL**  
Acting Chief Executive Officer  
National Indigenous Australians Agency

27 January 2022

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Cc: [OfficeoftheAuditorGeneralPerformanceAudit@anao.gov.au](mailto:OfficeoftheAuditorGeneralPerformanceAudit@anao.gov.au)

Dear Mr Hehir

**RE: RESPONSE TO PROPOSED REPORT EXTRACT AUSTRALIAN NATIONAL AUDIT OFFICE (ANAO) - REMOTE HOUSING IN THE NT**

Thank you for your correspondence of 21 December 2021, providing the Department of Territory Families, Housing and Communities (the Department) the opportunity to comment on an updated extract of the ANAO's proposed report on *Remote Housing in the Northern Territory*. I note that much of the extracted report was redacted including the findings and recommendations.

I have no further formal comments to make to the proposed audit report but have provided some editorial matters that I wish to bring to your attention (Attachment A refers). The Department of Infrastructure, Planning and Logistics has also been consulted in the formulation of this response.

The National Partnership on Remote Housing Northern Territory is the first time the NT Government has worked alongside the Australian Government and all Northern Territory Land Councils in partnership to improve housing conditions and address overcrowding in the Northern Territory.

Although the development of the partnership agreement itself was challenging, the undertaking by both governments has established a genuine collaboration of the partners which I believe will continue to improve.

I am optimistic in the successful completion of the program by June 2023, with program delivery contingencies being developed, supported by the collaborative effort of both governments and the Land Councils

The Department remains committed to working with the National Indigenous Australians Agency in building on the positive steps taken to date in the development of future collaborative remote housing delivery programs.

Yours sincerely

Ken Davies PSM  
Chief Executive Officer

27 January 2022



## Appendix 2 Performance improvements observed by the ANAO

1. The fact that independent external audit exists, and the accompanying potential for scrutiny, improves performance. Program-level improvements usually occur: in anticipation of ANAO audit activity; during an audit engagement as interim findings are made; and/or after the audit has been completed and formal findings are communicated.

2. The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts.

3. Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:

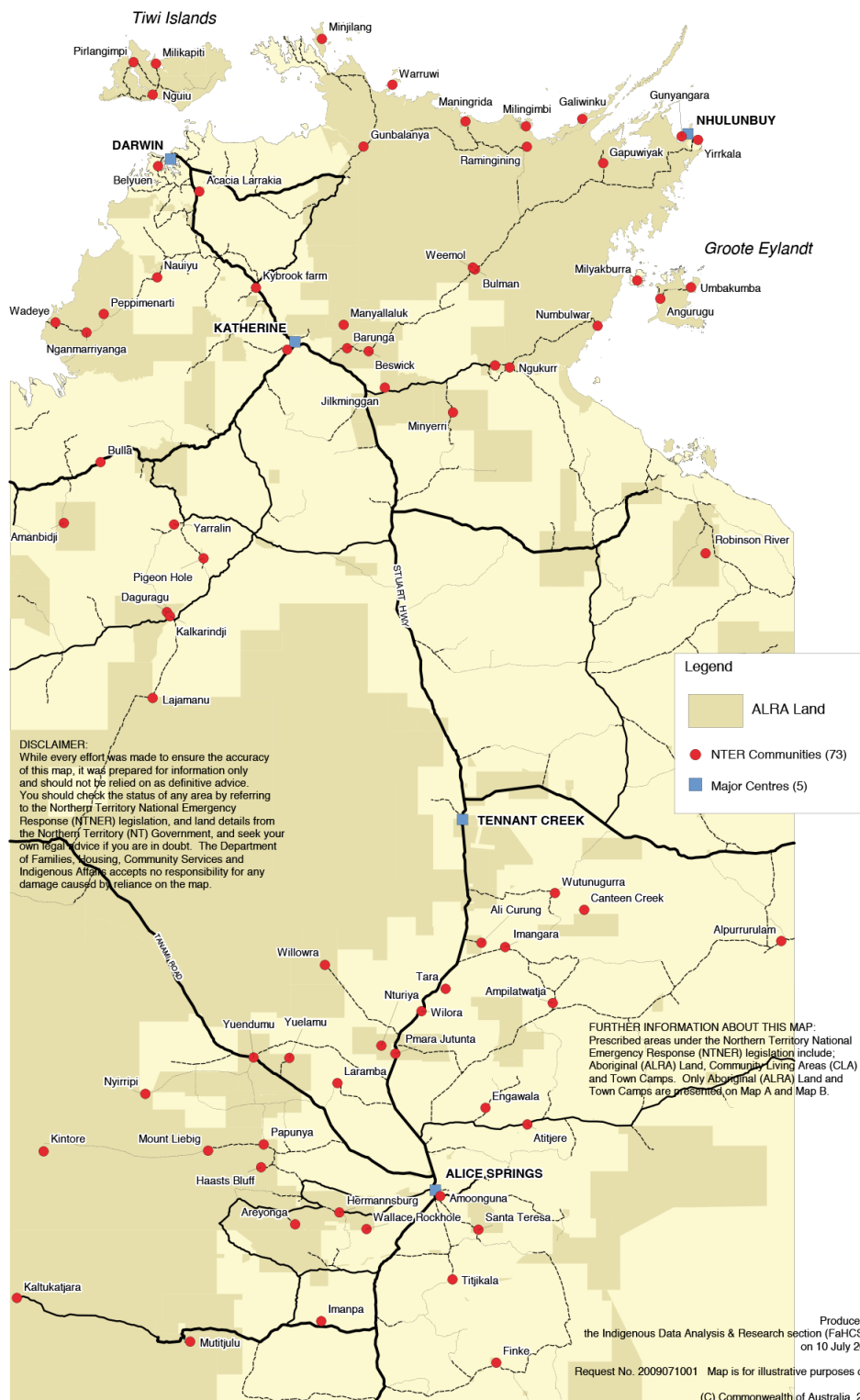
- strengthening governance arrangements;
- initiating reviews or investigations; and
- introducing or revising policies or guidelines.

4. In this context, the below improvements were observed by the ANAO during the course of the audit. It is not clear if these actions and/or the timing of these actions were already planned before this audit commenced. The ANAO has not sought to obtain reasonable assurance over the source of these improvements or whether they have been appropriately implemented.

5. Performance improvements observed by the ANAO during the course of this audit were that:

- the 2020–21 capital works plan received approval from the JSC at the September 2021 meeting, and the 2021–22 capital works plan was submitted to the JSC at the September 2021 meeting and endorsed by NIAA in October 2021 (see Table 3.1);
- NIAA has determined the reporting required to demonstrate achievement of capital works and the assurance processes to validate capital works achievement, including compliance with relevant standards (see paragraph 3.13);
- the number of bedrooms completed increased from 175 as of 30 April 2021 to 363 as of 30 September 2021 (see paragraph 4.7), and the NT Government has committed to deliver the agreed program of works by June 2023 (see paragraph 4.8);
- NIAA is considering embedding an NIAA officer in the NT Government, to ensure greater coordination and integration between Australian and NT Governments' programs and to enhance existing assurance and verification processes (see paragraph 4.63); and
- a risk management workshop took place and a risk register was developed for the JSC members in July 2021, with work on risk management ongoing (see paragraphs 4.64 and 4.65).

## Appendix 3 Map of land tenure in the Northern Territory



Note: ALRA stands for *Aboriginal Land Rights (Northern Territory) Act 1976* and NTER for NT Emergency Response.

Source: Department of Families, Housing, Community Services and Indigenous Affairs Occasional Paper No.34 2010 *The Evaluation of income management in the Northern Territory*, p. 70 [Internet], available from <https://www.dss.gov.au/about-the-department/publications-articles/research-publications/occasional-paper-series/number-34-evaluation-of-income-management-in-the-northern-territory?HTML> [accessed 16 February 2022].

## Appendix 4 Guide on the Structure of National Partnership Agreements

Component	Purpose
Overview	A short introduction summarising the agreement. Should be forward looking and should not include any policy background, contextual, historical or advocacy content.
Parties	The Parties to the agreement are the jurisdictions—the Commonwealth and the States and Territories, represented by the signatories (in most cases, the first ministers)—not portfolio ministers or public servants. Agreements are to be multi-lateral and include all jurisdictions unless geographical reasons dictate otherwise (for example, Western Australia would be the only likely Party to an agreement specific to the Kimberley region of Western Australia). Local governments are entities created by the States, so would never be a Party to a National Partnership. Agreements should be written in anticipation that all States may be expected to sign the agreement at some time.
Term	Agreements should be time limited. Usually the expiry is dictated by the duration of Commonwealth funding commitment and normally up to five years, but may be longer where necessary in the design of reforms or projects.
Delegations	Authority for agreeing schedules to the agreement may be delegated to portfolio ministers.
Objectives	Describe the mutually-agreed overarching aspirations.
Outcomes	Describe the impact a government activity is expected to have on community well-being. Outcomes should be strategic, high-level and observable goals expressed in clear, measurable and achievable terms.
Outputs	Outputs will describe the services being delivered by governments to achieve outcomes. Alternatively they may be used as a proxy for outcomes where outcomes are not readily observable. Outputs can also help to define roles and responsibilities. Outputs should be high level, as detailed outputs run the risk of constraining States' responses to changing demand, cost drivers, priorities and service delivery models.
Roles and responsibilities	A clear statement of the role of each jurisdiction and the responsibilities for which they undertake to be accountable. Joint responsibilities should generally be avoided, except for the area of evaluations and monitoring or policy collaboration.
Performance indicators	Data that informs the community about how governments are progressing towards achieving the objectives, outcomes and outputs. The form and content of performance indicators should focus on the information needs of the community, while providing sufficient evidence to satisfy public accountability requirements that funds are achieving or progressing satisfactorily towards the achievement of the desired outcomes and outputs.
Performance benchmarks	Quantifiable changes in a performance indicator, usually expressed in respect of a period of time. Where necessary to inform the community or, for relevant National Partnerships, to assess performance for the purpose of providing reward payments, they should be few in number, high-level and reflect the highest order, most challenging goals toward attainment of outcomes.
Financial arrangements	The estimated annual financial commitment from each jurisdiction — financial transfers between jurisdictions plus Commonwealth or State own purpose expense. Detailed funding arrangements and associated performance benchmarks may be included in Implementation Plans, if there is a compelling reason to do so, with aggregate information provided in the National Partnership.

Component	Purpose
Governance arrangements	Standard, collaborative, variation, review and dispute resolution arrangements apply, including in relation to payments. Where relevant, reviews should be arranged to inform decision making processes about whether subsequent arrangements may be required.
Variation	National Partnership agreements must have a standard variation clause, allowing them to be 'amended at any time by agreement in writing by all the Parties and under terms and conditions as agreed by all the Parties'. Amendments must be negotiated through first minister's agencies and Treasuries.
Signature page	<p>Agreements must be signed by Ministers.</p> <p>At the Commonwealth level, National Partnerships are signed by the Prime Minister (or delegate), and Project Agreements are generally signed by the relevant portfolio minister.</p> <p>While the state signatory will generally mirror that of the Commonwealth, states are responsible for determining who will sign on behalf of their government.</p>

Source: Council on Federal Financial Relations, *Federal Financial Relations Circular 2015/01*, 2015.