

The Auditor-General

Audit Report No.39 1998–99

Performance Audit

**National Aboriginal Health  
Strategy—Delivery of Housing and  
Infrastructure to Aboriginal and  
Torres Strait Islander Communities**

**Aboriginal and Torres Strait Islander  
Commission**

Australian National Audit Office

© Commonwealth  
of Australia 1999  
ISSN 1036-7632  
ISBN 0 644 38882 X

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Australian National Audit Office. Requests and inquiries concerning reproduction and rights should be addressed to  
The Publications Manager,  
Australian National Audit Office,  
GPO Box 707, Canberra ACT 2601.

Canberra ACT  
10 May 1999

Dear Madam President  
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit of the Aboriginal and Torres Strait Islander Commission in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *National Aboriginal Health Strategy—Delivery of Housing and Infrastructure to Aboriginal and Torres Strait Islander Communities*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage – <http://www.anao.gov.au>.

Yours sincerely



P. J. Barrett  
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

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

Auditor-General reports are available from Government Info Shops. Recent titles are shown at the back of this report. For further information contact:

The Publications Manager  
Australian National Audit Office  
GPO Box 707 Canberra ACT 2601

telephone (02) 6203 7505  
fax (02) 6203 7798

ANAO audit reports and information about the ANAO are available at our internet address:

<http://www.anao.gov.au>

### Audit Team

Dr. Paul Nicoll  
Gordon Carey  
Alan Chapman  
Scott McIsaac

# Contents

---

Abbreviations/Glossary	7
<b>Summary and Recommendations</b>	
Summary	11
Key findings	14
Recommendations	20
<b>Audit Findings and Conclusions</b>	
1. Background and Introduction	25
Background to the audit	25
National Aboriginal Health Strategy (NAHS) and ATSIC's Strategy for implementation of NAHS for housing and infrastructure services	26
NAHS expenditure	30
Commonwealth and state/territory expenditure on Indigenous housing	31
Location of NAHS Projects	31
NAHS program/project management model	32
Other Issues	34
Commonwealth/State Working Group on Indigenous Housing	34
Bilateral Agreements	35
National performance information on Indigenous housing	35
Development of a housing funding allocation methodology	36
National Indigenous housing data management strategy	36
Objective and scope of the audit	36
Audit methodology	37
Audit criteria	38
2. Identification of Housing and Infrastructure Needs	39
ATSIC's identification of national needs	39
Planning for a new national needs survey	40
ATSIC's identification of relative need in communities	41
Environmental and primary health care	43
Conclusion	45
3. Program Delivery	46
Background	46
Role of the Program Manager and contractual requirements	47
Consultation and communication	47
Project identification	48
Program planning	49
Project development	49
Monitoring of projects	49
Financial management and reporting	49
Responsibilities of the project manager	50
Review of projects	51

Relationships with communities	52
Examples of housing and infrastructure provided to Indigenous Communities under NAHS	56
Cooperation with Western Australia and Northern Territory government agencies	60
Northern Territory	60
Western Australia	62
NAHS funding from other sources	63
Quality, cost and timeliness of projects	67
Operation and maintenance	70
Benchmarking of program management	73
Conclusion	74
 4. <b>Employment and Training</b>	 75
The role of employment and training in NAHS projects	75
NAHS targets for employment and training	76
Involvement of other agencies in employment and training on NAHS projects	77
Contribution of DEWRSB to NAHS employment and training	78
Funding and support for employment and training on NAHS projects	80
Cherbourg NAHS project	81
Bathurst Island Housing Association (BIHA)	81
Conclusion	85
 5. <b>Performance Information</b>	 87
CHIP and NAHS objectives	87
Project monitoring	88
Bi-monthly status reports	88
Annual overview reports	88
Project completion reports	89
Program evaluation	89
1997-98 program reporting	90
Performance indicators for 1998-99	91
Conclusion	93
 <b>Appendices</b>	
Appendix 1 NAHS program funds, distributed by ATSIC to projects, by state/territory 1995-96 to 1999-2000	97
Appendix 2 Contractual requirements for the Contracted State Program Managers	98
Appendix 3 Reporting requirements for the Contracted State Program Managers	101
Appendix 4 Reporting requirements of Project Managers	103
Appendix 5 Swan Valley Nyungah Community project	105
 <b>References</b>	 107
<b>Index</b>	108
<b>Series Titles</b>	110
<b>Better Practice Guides</b>	113

# Abbreviations/Glossary

---

AACAP	ATSIC Army Community Assistance Projects
AAD	Aboriginal Affairs Department (WA)
ABS	Australian Bureau of Statistics
ACS	Australian Construction Services
ACSIP	Aboriginal Community Strategic Investment Program
AHB	Aboriginal Housing Board
ANAO	Australian National Audit Office
ANTA	Australian National Training Authority
ATSIC	Aboriginal and Torres Strait Islander Commission
CDEP	Community Development Employment Projects
CEO	Chief Executive Officer
CES	Commonwealth Employment Service
CHINS	Community Housing Infrastructure Needs Survey
CHIP	Community Housing and Infrastructure Program
CSPM	Contracted State Program Manager
DFCS	Department of Family and Community Services
DEWRSB	Department of Employment, Workplace Relations and Small Business
DHLG	Department of Housing and Local Government (NT)
EHNCC	Environmental Health Needs Coordinating Committee
HINS	Housing and Community Infrastructure Needs Survey
HIPP	Health Infrastructure Priority Projects
IGWG	Inter Governmental Working Group (WA)
IHA	Indigenous Housing Authority
IHANT	Indigenous Housing Authority Northern Territory
Indigenous	An Aboriginal or Torres Strait Islander
MAB	Management Advisory Board
MIAC	Management Improvement Advisory Committee
MOU	Memorandum of Understanding

NAHS	National Aboriginal Health Strategy
NSW	New South Wales
NT	Northern Territory
NTETA	Northern Territory Education and Training Authority
OAD	Office of Aboriginal Development
OATSIH	Office for Aboriginal and Torres Strait Islander Health
PAWA	Power and Water Authority (NT)
SA	South Australia
SAC	State Advisory Committee
TAP	Training for Aboriginals and Torres Strait Islanders Program
THS	Territory Health Services (NT)
WA	Western Australia



# **Summary and Recommendations**



# Summary

---

## Background

1. Healthy living conditions through access to adequate housing, water and waste removal systems are important to individual and community health. A lack of these basic facilities contributes to Aboriginals and Torres Strait Islanders very high morbidity and mortality rates. Research by the Australian Bureau of Statistics (ABS) indicates that the life expectancy of Aboriginal and Torres Strait Islanders at birth is 15-20 years less than for other Australians. The Aboriginal and Torres Strait Islander Commission (ATSIC) contributes to the environmental health of Indigenous Communities through the National Aboriginal Health Strategy (NAHS) component of its Community Housing and Infrastructure Program (CHIP). A major NAHS objective is to improve environmental health in Indigenous Communities through the construction of housing and the provision of water, sewerage and related systems.

2. Since the addition of NAHS funding in 1990, ATSIC has involved local Indigenous Communities and the private sector in the construction and management of NAHS' housing, water and sewerage projects. Following a 1995 review, ATSIC's program reforms have increased the role of the private sector through appointment of three engineering and construction firms as program managers. This approach used established and industry-respected engineering and construction firms to assist with the identification of the most acute housing and related infrastructure needs, and to manage the construction of facilities to meet those needs. ATSIC's changes have strengthened the three-way relationship between the public, private and community sectors, and improved both program and project management.

3. ATSIC's NAHS expenditure is only part of the total Commonwealth expenditure for Indigenous housing and infrastructure. Commonwealth finance for housing provided under Indigenous specific programs was \$248.4 million in 1997-98. ATSIC's NAHS expenditure on housing, excluding repairs and maintenance, was \$51.3 million or approximately 20 per cent of total Commonwealth expenditure in this area. In addition, NAHS expenditure on infrastructure was \$46.8 million in 1997-98. In total, ATSIC expenditure through NAHS on housing and related infrastructure for Indigenous Communities was \$98.1 million for that year.

## Audit objective and scope

4. The objective of the performance audit was to form an opinion on ATSIC's management of the National Aboriginal Health Strategy program in providing housing and related infrastructure to Aboriginal and Torres Strait Islander communities, and to identify any areas where program administration could be improved.

5. The audit focussed on ATSIC's administration of the private sector provided program and project managers who were contracted to:

- identify and rank housing and infrastructure needs; and
- design and implement projects to address environmental health problems.

In particular, the audit addressed ATSIC's use of the purchaser-provider model in NAHS environmental health construction projects and the three way relationship involving the public, private and community sectors as indicated earlier.

## Audit approach

6. The audit included interviews with ATSIC staff at central, state and regional office levels and with state/territory government agencies in Western Australia and the Northern Territory, as well as with private sector program and project managers and community representatives. In addition to reviewing program documentation, the ANAO conducted fieldwork in six construction projects in the Northern Territory, Western Australia and New South Wales which were nearing completion. Fieldwork was concentrated in the Northern Territory and Western Australia because approximately 68 per cent of program funding was directed, on the basis of need, to projects in these jurisdictions. The audit addressed the construction phase of projects, with limited reference to their operation and maintenance.

## Audit conclusion

7. Contracted program management arrangements implemented by ATSIC, for NAHS, are effective in delivering major housing and infrastructure projects to Indigenous Communities. Included in these arrangements is a framework for objective assessment of relative housing and infrastructure needs. Limited management information restricts ATSIC's ability to review and report its achievements in obtaining support from state/territory agencies for NAHS projects, including in relation to employment and training. ATSIC has qualitative, but only limited

quantitative, data on the cost-effectiveness of NAHS program management arrangements.

8. ATSIC has established effective working relationships with stakeholders in the Northern Territory and Western Australia where a large proportion of projects are located. In addition, it was clear that the strategy of delivering major infrastructure and housing projects through NAHS has assisted in providing a sound focus for the development of these effective working relationships.

9. While ATSIC collected appropriate performance information from NAHS projects for 1997-98 it was not adequately analysed or reported at the state/territory and national levels. Analysis of performance information collected not only assists with assessing and monitoring performance but ensures that performance indicators remain appropriate. Changed financial arrangements between the Commonwealth and the states/territories for supporting the delivery of Indigenous housing and infrastructure means that ATSIC should further develop the criteria for assessing, monitoring and reporting its performance, including obtaining support from other levels of government for Indigenous housing and infrastructure.

10. In order to report on the effectiveness of project delivery, ATSIC has reviewed its NAHS performance indicators and revised them in light of the more recent emphasis on outcomes and outputs. Several performance indicators for 1998-99 will provide challenges for ATSIC, particularly in relation to their measurement and assessment of outputs and outcomes actually achieved.

# Key findings

---

## Identification of housing and infrastructure needs

11. NAHS was implemented to target acute housing and infrastructure needs in Indigenous Communities. Therefore, NAHS was intended to meet only a proportion of total Indigenous housing needs, with other related expenditure being made under Commonwealth State Housing Agreements and through ATSIC Regional Councils.

12. The ANAO found that ATSIC has taken a significant step forward with the implementation of an improved methodology for comparing the housing and related infrastructure needs of different communities. ATSIC's approach to the identification and determination of needs and priorities for major housing and infrastructure projects in communities has taken account of a number of relevant information sources, including from communities. As a result of this approach, the construction of housing, water, sewerage and related systems was better targeted to address effectively major environmental health needs in priority Indigenous Communities. ATSIC has recognised the importance of revising information on the extent of national Indigenous need for housing and related infrastructure to identify changes and review the impact of previous action taken to address that need. ATSIC will conduct a survey of the housing and infrastructure needs of Indigenous communities in conjunction with the ABS in 1999.

13. ATSIC's 1997-98 expenditure for NAHS was \$98.1 million, while the expenditure of the Department of Health and Aged Care's Aboriginal and Torres Strait Islander Health program was \$130.6 million. ATSIC and the Department are co-operating to address Indigenous health needs. Notwithstanding such cooperation, the relationship nationally and in the states and territories between ATSIC's environmental health stakeholder groups and the Department's primary health stakeholder groups was not clear to the ANAO. Clarification of their relationship is necessary to maximise the effectiveness of Commonwealth funding for environmental and primary health care.

## Program delivery

14. ATSIC's contracts with program and project managers were consistent with the program's objectives. As well, management by contracted program and project managers was in accordance with their contracts. ATSIC effectively managed contracts in relation to the ten large

NAHS projects in the ANAO sample. This contractual management framework was the basis for NAHS projects' effectiveness in delivering large housing and infrastructure projects to Aboriginal and Torres Strait Islander communities for which NAHS was funded. Controls over NAHS trust funds held by Contracted State Program Managers were operating satisfactorily. Reliance could be placed on them for appropriate control over ATSIC funds.

15. ATSIC had established effective working relationships with state and territory government agencies in Western Australia and the Northern Territory. While there were indications of a broad level of support from these latter agencies for NAHS projects in those jurisdictions where the audit was concentrated, there was limited evidence of ATSIC's own analysis and review of support for projects at state/territory and national levels.

16. A majority of the projects reviewed displayed variations to their budgets which, in the main, were the result of a better appreciation of a project following community consultation and the completion of the project's design. ATSIC is reviewing the program model to identify how a more precise earlier estimate of costs and timing of projects can be made so as to minimise the number and size of later variations to project budgets and schedules.

17. ATSIC has not benchmarked its program management arrangements to provide suitable quantitative data against which it could assess the cost-effectiveness of its current greater reliance on the private sector to deliver individual projects. Benchmarking could include organisations that are not only delivering housing and infrastructure to remote areas of Australia, such as some mining companies, but also organisations that have contracted out their management processes similar to those involved in ATSIC's NAHS administration.

## Employment and training

18. ATSIC identified the following results in relation to employment and training in NAHS/HIPP projects to June 1998:

- almost 19 000 person days of employment;
- approximately 16 000 person days of training; and
- assistance through the Department of Employment, Workplace Relations and Small Business (DEWRSB) for apprenticeships and traineeships on 10 projects.

19. Although this level of employment and training appeared to be higher than under earlier arrangements, the absence of employment and training targets meant that it was difficult for ATSIC to interpret the significance of the achievement of the above results.

20. ATSIC did not have information to indicate how much of this employment and training was provided from NAHS, ATSIC's Community Development and Employment Projects (CDEP) program, DEWRSB (other than on the 10 projects referred to above) and from other funding sources. ATSIC does not regularly collect and analyse data on trends in the financing of employment and training in NAHS projects. Policy and program development and evaluation are restricted by this limited information.

21. NAHS is primarily a construction program for ATSIC. DEWRSB addresses the need for permanent employment. For both agencies, employment and training opportunities on individual projects are not the highest priority. For ATSIC, there can be a trade-off between rapid construction of housing and infrastructure and the longer time necessary to train community members in construction and maintenance skills. Some communities give a higher priority to rapid construction, while others place greater weight on the acquisition of skills and associated slower construction.

22. ATSIC and DEWRSB have identified in joint forums that, in order to maximise employment and training opportunities on NAHS projects, communities and project managers needed a better understanding of the processes involved. ANAO visits to selected projects confirmed that communities were unclear about the relative responsibilities of Commonwealth, state and territory agencies for employment and training on NAHS projects.

## **Performance information**

23. ATSIC's analysis and reporting of NAHS performance information for 1997-98 were not sufficient for stakeholders to understand ATSIC's role, including the constraints on its role. The signing of further bilateral agreements between the Commonwealth and the states/territories on Indigenous housing and infrastructure has resulted in changed financial arrangements for delivery of Indigenous housing and infrastructure. Therefore ATSIC should further develop the criteria for assessing, monitoring and reporting its performance, including obtaining support from other levels of government for Indigenous housing and infrastructure.



24. ATSIC has reviewed and refined NAHS performance indicators in light of its increased emphasis on outcomes and outputs reporting. The program's performance indicators developed for 1998-99 provide a satisfactory basis for the required outcomes and outputs reporting. However, given the difficulties of data collection and measurement validation, it will be a challenge for ATSIC to report satisfactorily against these performance measures. Such difficulties would also impact directly on the nature and extent of any assessment of outputs and outcomes actually achieved.

25. The reports ATSIC receives from contracted program managers provide suitable information for its program monitoring role. ATSIC analysed performance and financial data on individual projects, but conducted limited analysis across projects at the state/territory and national levels. Such higher level analysis would facilitate reporting on the program's and project managers' effectiveness and better equip ATSIC in its discussions with state and territory agencies about their contributions to Indigenous housing and infrastructure.

26. Consistent with Government policy, ATSIC must use accrual budgeting as part of its framework for analysis and reporting of its employment and training achievements from 1999-2000. This will require ATSIC to specify whether, for instance, training days are program outputs or intermediate outputs on the way towards the award of training qualifications for program participants. It will also require ATSIC to set an appropriate target or targets for, and collect time series data on, NAHS employment and training.

27. The ANAO found that ATSIC did not analyse and report the cost of each major category of housing and infrastructure. The production of such data can improve resource allocation and provide a better demonstration of ATSIC's accountability for this program's sizeable appropriation through management reporting at the state/territory and national levels of expenditure on major items such as water, power, roads and sewerage systems.

## **ATSIC response**

28. ATSIC notes that the recommendations of the audit relate primarily to program monitoring and reporting refinements and that the audit concluded strongly that the program management of NAHS is sound and effective.

29. ATSIC is satisfied that all funding contributions received from state/territory agencies for NAHS projects are collected and available in the management information collated under the program. Some state/

territory support that would have been provided under normal state/territory program arrangements has not been collected and linked to the NAHS program. There is other less quantifiable support from other agencies (eg. policy, advisory and regulatory activities) which will be reported on in future.

30. It is ATSIC's opinion that the performance information available under the NAHS program is comprehensive and significantly better than previous programs. It is acknowledged that while comprehensive information is collected for each project, it has proved difficult to aggregate and analyse at the national level. However, we do agree that some of the current performance indicators set are ambitious and also may require modification under future accrual accounting and output costing reporting arrangements.

31. ATSIC notes that four of the seven audit recommendations relate to employment and training outcomes of the program. ATSIC also notes that the audit necessarily focussed on current program activity to secure employment and training during construction phases of projects. ATSIC believes that employment and training affecting recurrent maintenance of constructed assets is also critically important. Improved monitoring and reporting of such employment and training will be a major focus of future program management strategies.

## **Department of Employment, Workplace Relations and Small Business response**

32. The Department notes that the provision of employment and training in relation to NAHS projects should involve contributions from a number of agencies with responsibilities in this area, for example State Training Authorities and the Australian National Training Authority.

33. That said, the Department considers its involvement in employment and training on NAHS projects has been a success. The Department's commitment is demonstrated by the commitment of a substantial proportion of the limited Training for Aboriginal and Torres Strait Islanders Program budget to this activity with resulting benefits for a significant number of indigenous trainees and apprentices.

## **Department of Health and Aged Care response**

34. Overall the Department supports these findings and would like to reiterate our commitment to working with ATSIC on our programs to improve the health status of Aboriginal people.

35. The Department believes the framework agreement in each state and territory involving the Department and ATSIC outlines the different roles and responsibilities of the two agencies with respect to improving the health of Aboriginal and Torres Strait Islanders. However, it is acknowledged that more could be done to improve the effectiveness of these agreements at a regional level.

# Recommendations

---

**Recommendation** The ANAO recommends that ATSIC:

**No.1**

**Para 3.52**

- further develop the criteria for assessing, monitoring and reporting state/territory and local government support for Indigenous housing and infrastructure; and
- summarise and analyse relevant data on the support for NAHS projects at the state/territory and national levels to assist in reviewing its performance in increasing commitments from state and territory governments to those projects.

*ATSIC:* Agreed

**Recommendation** The ANAO recommends that ATSIC benchmark

**No.2**

**Para 3.73**

NAHS program management arrangements, including project planning and project management costs, for the delivery of housing and infrastructure to Aboriginal and Torres Strait Islander communities to assist in the achievement of better performance.

*ATSIC:* Agreed

**Recommendation** The ANAO recommends that ATSIC set an appropriate

**No.3**

**Para 4.8**

performance target or targets for NAHS employment and training outcomes to assist it in its monitoring and evaluation of performance and management of the program.

*ATSIC:* Agreed

**Recommendation** The ANAO recommends that ATSIC collect and

**No.4**

**Para 4.13**

analyse project data on the financing of employment and training, and review, at the state/territory and national levels, ATSIC's and other agencies' financing of employment and training in NAHS projects to better target areas of highest priority.

*ATSIC:* Agreed

**Recommendation No.5**  
**Para 4.31** The ANAO recommends that ATSIC, in its negotiations with other Commonwealth and state/territory agencies for the Year 2000-2003 round of new NAHS projects, identify and agree with those agencies, at the national level, a sound basis for funding and cooperative effort for Indigenous employment and training.

*ATSIC:* Agreed

**DEWRSB:** Agreed

**Recommendation No.6**  
**Para 4.42** The ANAO recommends that ATSIC, for projects which have identified employment and training opportunities, include in its project management arrangements the preparation of a project employment and training plan, agreed with all relevant funding agencies.

*ATSIC:* Agreed with qualification

**Recommendation No.7**  
**Para 5.19** The ANAO recommends that ATSIC estimate the costs of NAHS outputs, consistent with the requirements of accrual budgeting, to assist in more efficient and effective resource use.

*ATSIC:* Agreed



# **Audit Findings and Conclusions**





# 1. Background and Introduction

---

*This Chapter outlines the subject of the audit, how the audit was conducted, and the audit opinion.*

## Background to the audit

**1.1** This audit report addresses the management by the Aboriginal and Torres Strait Islander Commission (ATSIC) of the National Aboriginal Health Strategy (NAHS) component of the Community Housing Infrastructure Program (CHIP). The NAHS component involves major environmental health construction projects in Indigenous Communities that target improvements in living conditions. These projects address problem areas including inadequate water and power supply, sewage and waste disposal, as well as housing to reduce homelessness and overcrowding. NAHS does not cover post project completion activities such as revenue collection and maintenance. In addressing the housing and environmental health needs of Indigenous Australians, ATSIC has multiple and ambitious program objectives. Project priority is addressed on the basis of need as demonstrated by Housing Needs Surveys, Indigenous organisations' housing waiting lists, Census data, health impact assessments undertaken by ATSIC and regional and local priorities.

**1.2** This is the second audit in recent times conducted by the ANAO in the area of Aboriginal and Torres Strait Islander health. ANAO Audit Report No. 13 reported in November 1998 on the Aboriginal and Torres Strait Islander Health Program managed by the Department of Health and Aged Care in fulfilling the Commonwealth's role in the administration of primary health care services to Indigenous Australians<sup>1</sup>. That report commented on liaison between the Department and ATSIC to improve the health status of Aboriginal and Torres Strait Islander people. The conduct of this audit was timed to complement the earlier audit report by addressing environmental health issues.

**1.3** In the last few years, ATSIC has changed very considerably its approach to management of CHIP. Previously, the program involved local Indigenous Communities, ATSIC and private sector managers of individual housing, water or sewerage projects. ATSIC's program reforms increased the role of the private sector through appointment of three

---

<sup>1</sup> Australian National Audit Office 1998, *The Aboriginal and Torres Strait Islander Health Program : Department of Health and Aged Care*, Auditor-General Audit Report No. 13, 1998-99, ANAO, Canberra.

engineering firms as program managers covering Australia. These arrangements involve ATSIC's assignment to each of the three firms the responsibility for managing all projects in particular states and territories.

**1.4** The approach used established and industry-respected engineering and construction firms to assist with the identification of the most acute housing and related infrastructure needs, delivery of projects to address those needs, and the monitoring and reporting on their progress. ATSIC also changed the program in this way to strengthen the three-way relationship between the public, private and community sectors, and in order to improve both program and project management.

## **National Aboriginal Health Strategy (NAHS) and ATSIC's Strategy for implementation of NAHS for housing and infrastructure services**

**1.5** The NAHS component of ATSIC's CHIP, had its origin in an agreement by Commonwealth, State and Territory Ministers for Health and Aboriginal Affairs in December 1987 to develop a National Aboriginal Health Strategy. In June 1990, the Ministers agreed on cooperative arrangements between Commonwealth, state/territory governments and Aboriginal and Torres Strait Islander organisations. In December 1990 the Commonwealth Government approved provisional funding for NAHS. In December 1991 the Commonwealth Government confirmed funding to 30 June 1995 with a requirement that an evaluation be conducted prior to June 1995 to form the basis for directions over the subsequent five year period.

**1.6** ATSIC was allocated a total of \$232 million over the first five years (1990-91 to 1994-95) for implementation of NAHS primary health and environmental health programs. The bulk of this allocation, \$171 million (or 80 per cent) was directed to housing and infrastructure services. This funding was separately identified in ATSIC's Community Housing and Infrastructure Program.

**1.7** From 1990-91 to 1993-94, NAHS funds were allocated largely on the basis of ATSIC's Regional Council recommendations in the same way that most other CHIP funding was distributed. More than 500 grants totaling \$101 million were made to Indigenous organisations. Of the \$101 million, approximately \$61 million was allocated for infrastructure and \$40 million for housing. In the same period \$561 million of other CHIP funding was allocated, with 65 per cent going to infrastructure including municipal services.<sup>2</sup>

---

<sup>2</sup> National Aboriginal Health Strategy Working Party 1989, *A National Aboriginal Health Strategy*, NAHWP, Canberra.

**1.8** In early 1994 ATSIC commissioned a review, separate from the proposed evaluation mentioned above, to improve the efficiency and effectiveness of CHIP, specifically the planning and expenditure elements of the program. The May 1994 report of the review identified a number of barriers to program planning, implementation and management of CHIP, including:

- Regional Councils did not have adequate information to allow them to make sound judgments on the relative merit and priority of projects;
- the year by year nature of the program created a number of problems;
- that ATSIC and its client organisations lacked the necessary technical expertise to effectively plan and deliver large-scale construction projects; and
- concern about the lack of coordination and cooperation between the CHIP program and state government agency programs.

**1.9** The problems of the annual nature of the program were identified as:

- a failure to address housing and infrastructure needs in a holistic way;
- the short term nature of the program based approach to funding required communities to structure their housing and infrastructure needs to the CHIP program, rather than the other way around;
- delays in effective expenditure of CHIP funds were due to unrealistic time frames adopted for many projects which had life cycles in excess of twelve months;
- funds were not able to be committed; and
- project management appeared to be driven by the need to maximise expenditure within a financial year rather than by the need to ensure effective and efficient project management.

**1.10** The review recommended that ATSIC consider the use of external program managers to enhance the level of input of technical expertise, project management, and quality outcomes. ATSIC itself identified that changes to CHIP needed to emphasise relative needs, assurance of the quality of construction and timely completion of projects to recognised standards. Such emphases had not been sufficiently evident previously.

**1.11** In response to the issues raised by the ATSIC review, in June 1994 the ATSIC Board approved the establishment of the Health Infrastructure Priority Projects (HIPP) program to pilot new program delivery arrangements for the construction of Indigenous community housing and infrastructure. This would involve targeting of communities most in need, responsibility for financial arrangements and greater acceptability

requirements for program and project management. ATSIC adopted a competitive open tender and selection process to select an internationally recognised engineering and project management group as the national program manager to manage HIPP projects Australia-wide. Projects would be funded through NAHS.

**1.12** The NAHS evaluation, which was completed after the ATSIC review, was conducted between the period July to December 1994. It addressed the Commonwealth's response to the NAHS, particularly through improvements in the provision of services for primary health care and services affecting environmental health. An Evaluation Committee, chaired by ATSIC, was established to direct the evaluation and produce a report. The December 1994 NAHS Evaluation Report included comments that "the NAHS was never effectively implemented", and "the main Commonwealth funding agency (ATSIC) was substantially under-resourced and could not make any significant impact on Aboriginal living conditions overall". The Evaluation Steering Committee reported finding little evidence of the National Aboriginal Health Strategy. Instead, the Committee found only traces of the Strategy - with small amounts of money, compared with the need, spent on housing and health services.

**1.13** The Evaluation Report included recommendations for improving essential services and community infrastructure, namely the need for:

- joint assessments of essential services and infrastructure needs in Aboriginal communities, outstations, and settlements, to ensure that Aboriginal people had standards of essential services and living acceptable to them; and
- adequate funding for appropriate and adequate sewerage and water supply systems to remote Aboriginal communities as identified in the joint assessments of essential services and infrastructure needs<sup>3</sup>.

**1.14** These recommendations were aimed at implementing changes to the delivery of Indigenous housing and infrastructure along the lines approved by the ATSIC Board and were added support for the new ATSIC strategy.

**1.15** In February and June 1995 the ATSIC Board approved 31 NAHS/HIPP pilot projects costing \$60 million to be managed by the private sector national program manager over three years, commencing in 1995-96. In order to address community housing and infrastructure needs in a more holistic way and to implement projects that previously could not be funded by regional councils, ATSIC criteria for selection of NAHS/

---

<sup>3</sup> Aboriginal and Torres Strait Islander Commission 1994, *The National Aboriginal Health Strategy: an evaluation*, ATSIC, Canberra.

HIPP projects included that the estimated cost should be greater than \$300 000. In practice, the average cost of NAHS/HIPP projects was approximately \$2 million.

**1.16** Early indications were that the contracted program management arrangements for the initial NAHS/HIPP projects could be effective in addressing the shortcomings identified in the earlier CHIP review. In addition, with the NAHS evaluation being critical of the previous use of NAHS funds and pressure from Government to more effectively target NAHS funds to areas of greatest need, the ATSIC Board considered that extension of the new program management arrangements was appropriate. In particular, the Board noted that, in 1994-95, over 80 per cent of NAHS funds was spent on small projects with budgets less than \$300 000, with indications that NAHS funding was not making significant progress to meet the needs of any community. Instead, available funds were being spread thinly across a very large number of communities.

**1.17** In November 1995, the ATSIC Board endorsed a strategy for triennial funding of NAHS environmental health projects from 1996-97 to 1998-99. The strategy included the extension of the contracted program management model to the full NAHS component of CHIP, that is, an allocation of \$193.57 million for the three years 1996-97 to 1998-99 (subsequently increased to \$219 million and extended to 1999-2000), and employment of a contracted private sector program manager in each state and the Northern Territory. Funds were still available to Regional Councils (\$102.4 million in 1997-98) for local projects to supplement the larger NAHS projects for ongoing recurrent funding of housing, infrastructure and municipal services, including some projects to supplement NAHS projects. ATSIC criteria for selection of NAHS projects included the requirement that the estimated cost should be greater than \$300 000. However, in practice, a majority of projects approved for implementation has budgets between \$1-2 million.

**1.18** In February 1996, the ATSIC Board approved a further 28 projects totaling \$80 million as NAHS/HIPP Round 2. These would be managed by the same private sector national program manager who managed the first round of NAHS/HIPP projects.

**1.19** Following a competitive tendering process, ATSIC appointed three private sector construction, engineering or architectural firms as contracted state program managers (CSPMs) for NAHS. One firm was to program manage NAHS projects in Queensland and the Northern Territory, another firm was appointed to manage NAHS projects in Western Australia, South Australia and Victoria, while ATSIC appointed

a third firm to manage NAHS projects in New South Wales. ATSIC will review program management arrangements in each state prior to contracts expiring in June 2000.

**1.20** In June 1998, the ATSIC Board approved a further \$196 million for NAHS projects for the period 2000-01 to 2002-03.

**1.21** To summarise, ATSIC separately allocated:

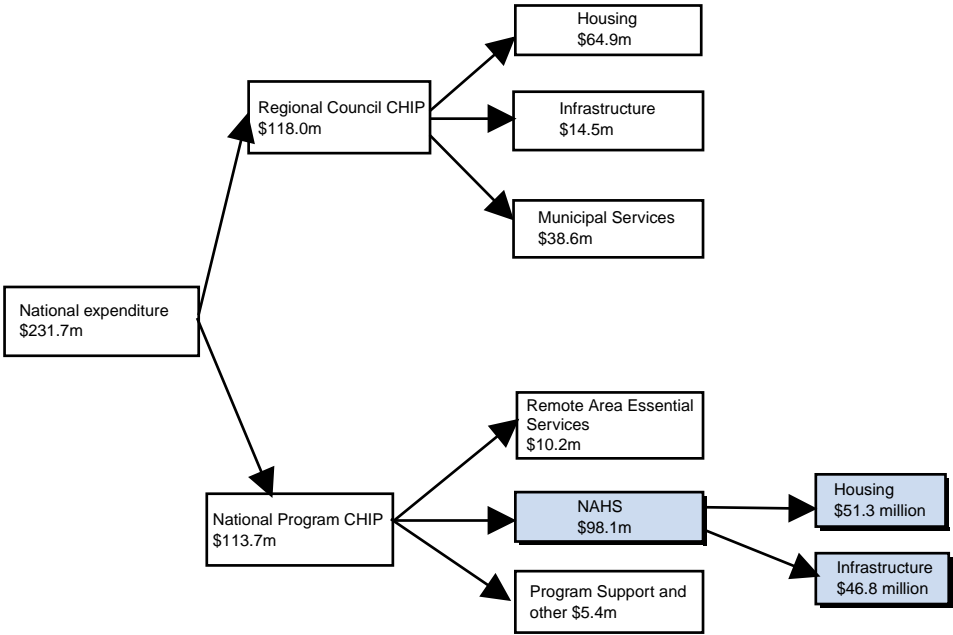
- \$60 million to NAHS/HIPP Round 1 for 1995-96 to 1998-99;
- \$218 million to NAHS for 1996-97 to 1999-2000;
- \$80 million to NAHS/HIPP Round 2 for 1996-97 to 1999-2000; and
- \$196 million to NAHS for 2000-2001 to 2002-2003.

## NAHS expenditure

**1.22** The size of NAHS in monetary terms relative to other components of CHIP is identified in Figure 1.1, which sets out the expenditure across the various components of CHIP for 1997-98. As previously indicated, for 1997-98 NAHS expenditure was \$98.1 million or approximately 42 per cent of CHIP's \$231.7 million expenditure. Appendix 1 provides data by state and territory on NAHS funds for major expenditure items of housing and infrastructure for the period 1995-96 to 1997-98.

**Figure 1.1**

**Community Housing and Infrastructure Program expenditure 1997-98**

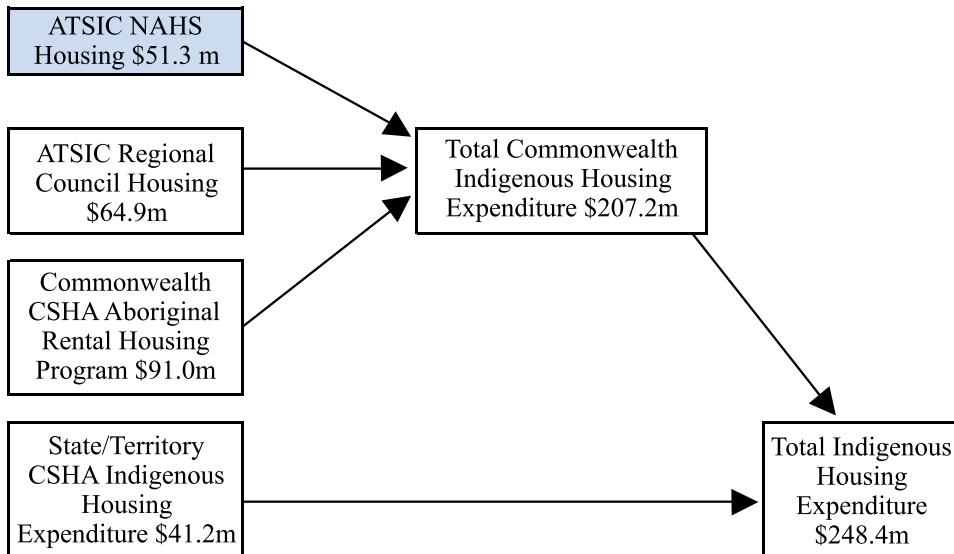


## Commonwealth and state/territory expenditure on Indigenous housing

**1.23** CHIP, and particularly the NAHS component, is only one part of the Commonwealth's total contribution to housing and infrastructure for Aboriginal and Torres Strait Islander people. The Commonwealth has two main funding channels. The first is through ATSIC and the second is through the Commonwealth State Housing Agreement (CSHA). This second channel involves the Commonwealth funding state and territory governments under the Aboriginal Rental Housing Program to provide housing but not infrastructure. Under the CSHA arrangements, state and territory governments provide matching funds for Indigenous housing which in 1997-98 amounted to \$41.2 million. Commonwealth finance for housing provided under Indigenous specific programs for 1997-98 totalled \$207.2 million. This is presented in Figure 1.2. ATSIC's NAHS expenditure on housing was \$51.3 million or 24.8 per cent of total Commonwealth expenditure and 20.6 per cent of total Indigenous housing expenditure of \$248.4 million.

**Figure 1.2**

**1997-98 Commonwealth and State/Territory expenditure on Indigenous Housing**



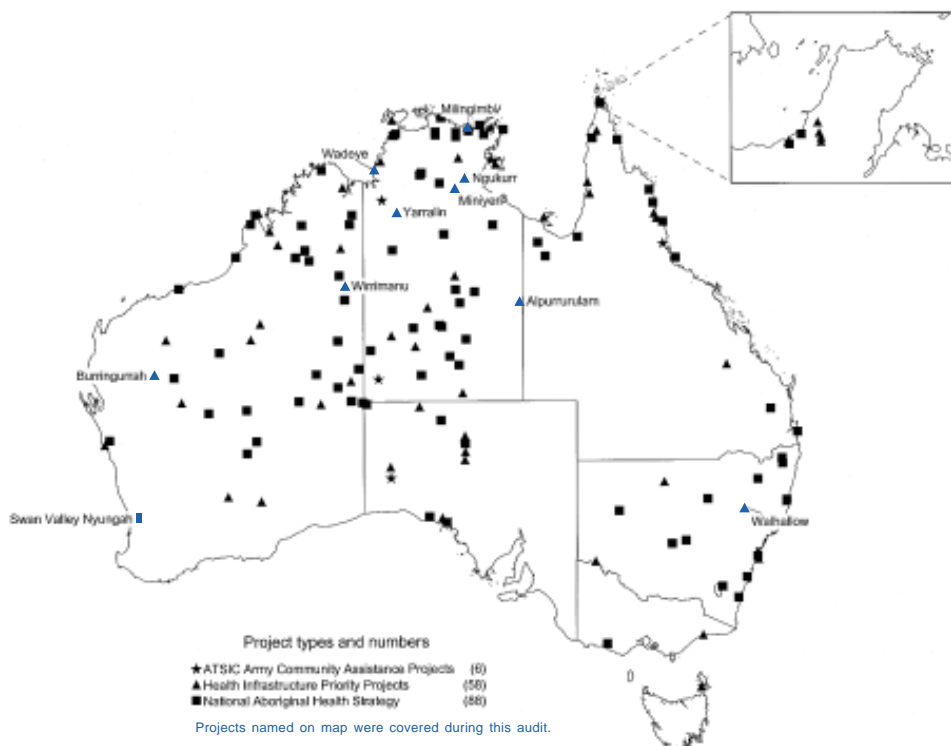
## Location of NAHS Projects

**1.24** Figure 1.3 shows the location of NAHS projects across Australia. The Figure shows that most NAHS projects are in rural and remote areas. The figure includes NAHS ATSIC Army Community Assistance Projects

(AACAPs). These involve the Army project managing the provision of infrastructure to a small number of remote Aboriginal communities. These Army projects were not included in this audit because ATSIC planned to evaluate them in 1998-99.

**Figure 1.3**

### Location of NAHS projects



## NAHS program/project management model

**1.25** The program/project management model implemented for the NAHS component of CHIP can be briefly described as:

- a community develops a proposal to ATSIC for funding to address its environmental health related housing and related infrastructure needs. A community sometimes relies on the assistance of an ATSIC regional office, and less often, on engineering or construction firms, to assist in the development of their proposal;
- ATSIC requests the private sector contracted state program managers (CSPMs) to review candidate community proposals to ascertain their pressing environmental health related needs, and to recommend their priority for assistance;

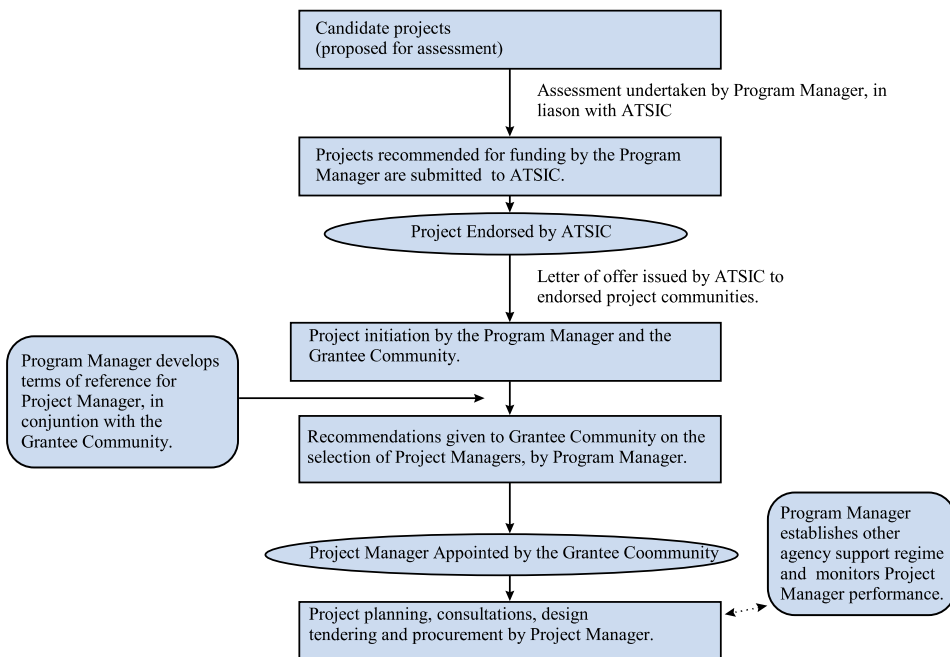


- CSPMs recommend priority projects to ATSIC based on a structured, quantified assessment of infrastructure and housing needs, sustainability issues, and other agreed criteria;
- ATSIC's consideration of priorities, initially under HIPP on a national basis, and subsequently under NAHS on a state/territory basis. ATSIC approves the list of priority projects with higher identified need;
- for an endorsed project, ATSIC offers a grant to a community to fund the proposed works, using the CSPM as the coordinator and agent of the grantee community;
- the CSPM, otherwise known as the program manager, works in close consultation with the community's leaders and assists the grantee community to select a project manager using normal tendering procedures. The CSPM monitors the work of the project manager, and advises the community and ATSIC on progress and performance; and
- the program manager liaises with other Commonwealth agencies and relevant agencies in other levels of government. The program manager manages the financial aspects of the project on behalf of the grantee community.

1.26 Figure 1.4 describes the NAHS project approval process.

**Figure 1.4**

### NAHS Project Approval



## Other Issues

**1.27** There are a number of broader issues/activities which impact on the implementation of NAHS. However, these activities were in progress and in the interests of producing a timely audit report, the ANAO did not address them in any detail as part of the audit. Rather it was considered appropriate to recognise their existence and refer to progress as advised by ATSIC. These activities include:

- the formation of a Commonwealth/State Working Group on Indigenous housing;
- the negotiation and signing of Commonwealth/State Bilateral Agreements on Indigenous housing and infrastructure with each state and territory;
- the collection of national performance information on Indigenous housing and infrastructure;
- an Indigenous community housing sector mapping exercise;
- the development of a housing funding allocation methodology; and
- a national Indigenous housing data management strategy.

### **Commonwealth/State Working Group on Indigenous Housing**

**1.28** A meeting of Commonwealth and State Housing Ministers in September 1996 agreed that a Working Group of Commonwealth, including ATSIC, and state/territory officials be established to develop practical strategies to address the impediments to improvements in Indigenous housing outcomes. The Working Group has developed a strategic focus which covers four major areas, namely:

- identifying and addressing the outstanding housing needs of Indigenous people;
- improving the viability of Indigenous housing organisations;
- establishing safe, healthy and sustainable housing for Indigenous people, especially in rural and remote communities; and
- establishing a national framework for the development and delivery of improved housing outcomes to Indigenous people by states and territories, and community sector providers.

**1.29** The result of the Working Group's efforts will be reflected in a 'Framework for Indigenous Housing' expected to be signed by the Commonwealth and State Housing Ministers later in 1999.

## **Bilateral Agreements**

**1.30** The major purpose of the Bilateral Agreements is to streamline service delivery arrangements in order to achieve better outcomes for Indigenous peoples. Housing agreements have been signed with the Northern Territory, New South Wales, and Western Australia, with negotiations continuing in relation to the other jurisdictions. Infrastructure/Essential service agreements are in place in New South Wales, Queensland, Western Australia, and South Australia.

**1.31** The Commonwealth/State Bilateral Housing Agreements affect the mechanisms used by ATSIC Regional Councils to deliver housing services. An integral part of the Agreements is the establishment of an Indigenous Housing Authority (IHA) in each state and territory, with responsibilities that include:

- to make decisions on Indigenous housing matters;
- to coordinate all Indigenous specific housing funds; and
- to determine responsibility for program management of the joint ARHP and CHIP funds in each state and territory.

**1.32** ATSIC Regional Councils retain their key roles of identifying and ranking projects for funding within their areas and in planning regional and state programs. ATSIC representatives comprise a significant part of each IHA Board. The signing of a Bilateral Agreement will result in the Regional Council allocation of housing funds under CHIP and the state allocation of ARHP funds being directed through the IHA.

## **National performance information on Indigenous housing**

**1.33** The Commonwealth/State Working Group on Indigenous Housing has supported the need for a national data agreement and strategy which includes a set of national performance indicators and a national data collection strategy for Indigenous community housing. The aim of the collection is to provide improved quality and consistency in the information used to monitor the effectiveness of Indigenous housing assistance.

**1.34** The 1997-98 data collection was limited to currently existing data sources and is the first data collection activity leading to an annual reporting process. The data provided by jurisdictions will also assist development of future data collection methodologies for performance measurement.

**1.35** To assist in identifying the scope of the Indigenous community housing sector and to prepare for the 1999 Community Housing Infrastructure Needs Survey (CHINS), the Department of Family and

Community Services (DFCS) and ATSIC, in conjunction with the ABS, are undertaking a mapping and scoping exercise. This entails finalising a database with basic details of all operating Indigenous community housing organisations using existing administrative data, including earlier work by ATSIC.

### **Development of a housing funding allocation methodology**

**1.36** Existing data and measurement models are generally recognised as not giving a clear picture of the extent of Indigenous housing need or confidence in current funding formulas. DFCS has employed a consultant to:

- investigate a new approach to measurement of Indigenous housing needs;
- examine existing data sources and methodologies for allocating funds; and
- develop assessment methodologies to form the basis for distribution of funding resources.

**1.37** The consultant's report on different measurement models has been completed and is being considered by Housing Ministers. That report relies heavily on data from various existing collections and housing data from the 1996 Census. Work is continuing on possible approaches to housing funding allocations using existing housing data.

### **National Indigenous housing data management strategy**

**1.38** The over-arching data objective of the Commonwealth/State Working Group on Indigenous Housing is to develop a framework for the collection of data; to provide a reliable national data source; and to ensure that the collection, compilation and interpretation of national information is appropriate, consistent and carried out efficiently. While the states, territories and ATSIC collect some information on Indigenous housing, it varies greatly in quality and quantity and is not compatible, or comparable, across jurisdictions. The Australian Institute of Health and Welfare (AIHW) is coordinating the development of a national strategy to manage data issues.

## **Objective and scope of the audit**

**1.39** The objective of the performance audit was to review ATSIC's management of National Aboriginal Health Strategy projects in the Community Housing and Infrastructure Program.

**1.40** As explained earlier, ATSIC used NAHS funds to commission new management arrangements on a trial basis through Health Infrastructure Priority Projects. Since ATSIC considered that those trial arrangements succeeded, they were extended to all new NAHS projects. In light of this action, the audit report's references to HIPP can generally be interpreted as applying to NAHS projects. The audit addressed the construction phase of projects, with limited reference to their operation and maintenance.

**1.41** The Commonwealth Government's funding of housing for Indigenous Australians through the Commonwealth-State Housing Agreement will be canvassed in a separate ANAO report on the Commonwealth's funding of welfare housing, currently in progress.

## Audit methodology

**1.42** The audit involved three main methods of inquiry as follows:

- a) interviews with representatives of key stakeholders including:
  - ATSIC Central Office staff and ATSIC staff from its offices in Perth, Geraldton, Darwin, Katherine and Tamworth;
  - two program managers or CSPMs, and a sample of project managers;
  - staff from a cross-section of state government agencies with some level of responsibility for delivering services to Indigenous Australians;
  - staff from the Department of Employment, Workplace Relations and Small Business who have responsibility for Commonwealth policy for Indigenous employment programs; and
  - site visits to Indigenous Communities. These were Burringurrah and Swan Valley Nyungah in Western Australia, Miniyeri, Milingimbi, and Ngukurr in the Northern Territory and Walhallow in New South Wales. Most visits were to Western Australia and Northern Territory projects as around 68 per cent of NAHS triennial funding was directed to projects in those jurisdictions;
- b) review of project files for sites visited and for a number of NAHS/HIPP projects not visited, namely, Wirrimanu in Western Australia, and Wadeye, Yarralin/Pidgeon Hole and Alpururulam in the Northern Territory; and
- c) review of other ATSIC documentation, including briefings to the ATSIC Board and Board decisions.

**1.43** Figure 1.3 indicates, in blue text, those NAHS/HIPP projects that were the subject of specific audit coverage during this audit.

## Audit criteria

**1.44** Audit criteria assist development of an audit opinion. As part of this audit, ANAO developed criteria to assess whether:

- ATSIC's objectives for NAHS included appropriate performance indicators with clearly defined and achievable outputs and outcomes;
- ATSIC had identified the housing and infrastructure needs of Aboriginal and Torres Strait Islander communities which identification ATSIC used to determine priorities for NAHS funds;
- ATSIC had mechanisms in place to achieve defined program objectives for NAHS which operated in accordance with management directions;
- ATSIC had effective working relationships with stakeholders;
- ATSIC's cooperative arrangements with other government agencies ensured that the use of ATSIC NAHS funding was supplementary to the primary responsibility of relevant government agencies for the provision of housing and infrastructure to Indigenous Communities;
- ATSIC's NAHS projects met quality, cost and timeliness criteria;
- ATSIC's methodology for major projects addressing Indigenous housing and infrastructure needs was continually reviewed to ensure that identified best practices were applied to the delivery of NAHS projects; and
- ATSIC satisfied its reporting requirements to Parliament.

**1.45** The audit was conducted in accordance with ANAO Auditing Standards, and cost \$305 000.

## 2. Identification of Housing and Infrastructure Needs

---

*This Chapter describes ATSIC's identification of the extent of national needs amongst Indigenous Communities for housing and related infrastructure. It comments on ATSIC's approach for assigning priority to NAHS construction projects to address those needs, and the complementary role of the Commonwealth Department of Health and Aged Care.*

### ATSIC's identification of national needs

**2.1** ATSIC has commissioned research into the extent of housing and related infrastructure needs amongst Indigenous Communities. ATSIC funded an analysis of 1991 Census data in relation to Indigenous housing. The resulting report, *The Housing Need of Indigenous Australians, 1991*<sup>4</sup>, addressed total housing need and had a focus on overcrowding and total bedroom need.

**2.2** The first national Housing and Infrastructure Needs Survey (HINS) was an initiative of the National Aboriginal Health Strategy (NAHS). It was conducted by the then Australian Construction Services (ACS) under contract to ATSIC in 1992. The HINS was conducted in two stages. Stage One collected information across Australia on Aboriginal and Torres Strait Islander communities, outstation/homelands and town camps, regarding the housing needs and some of the services available to people who lived in country towns. It was planned to survey metropolitan and major urban areas of Australia in Stage Two in 1994.

**2.3** ATSIC advised the ANAO that a decision was taken in 1993-94, after the release of the Stage One report, not to proceed with Stage Two, mainly due to an estimate of the survey's cost. Rather, reliance was placed on the analysis of the 1991 Census data regarding the housing needs of Indigenous Australians in metropolitan and major urban areas.

**2.4** The HINS Stage One report, released in November 1993, presented a series of tables aimed at providing a view at a regional, state and national level of the needs of Aboriginal and Torres Strait Islander communities. The national report (Australia, States and Territories) included a summary table with estimated costs by state/territory and total sums for Australia of providing housing (\$1088 million), repairing

---

<sup>4</sup> Jones, Roger 1991, *The Housing Need of Indigenous Australians*, Research Monograph No. 8, CAEPR, 1994.

houses (\$280 million), upgrading internal roads (\$155 million and access roads (\$192 million), for total estimated costs for Australia, not including other infrastructure (eg. water, sewerage and electricity systems), of \$1716 million.

**2.5** The ANAO found that, following the 1991 analysis of Census data and the 1992 HINS, there were no separate estimates of the cost of providing adequate water, sewerage and electricity services to Aboriginal and Torres Strait Islander communities. ATSIC advised that:

- estimates for these services were more difficult to make;
- officers collecting the information did not have the skills to readily assess infrastructure requirements, such as identification of the infrastructure most appropriate to be improved or constructed; and
- an assessment would need to be made for each community.

**2.6** In 1994, the Australian Bureau of Statistics conducted the first National Aboriginal and Torres Strait Islander Survey (NATSIS). This survey interviewed more than 15 700 individuals and collected data on a wide range of factors, such as health, diet and accommodation. The resultant data base has been used to identify housing needs, including as a factor in ATSIC's notional distribution of program monies between the states and territories.

**2.7** The NATSIS data are five years old, but they are still the most recent comprehensive data on Indigenous Australians. The ANAO noted that program managers are working with ATSIC's Office of Evaluation and Audit to evaluate NAHS/HIPP, in part through use of NATSIS data.

**2.8** ATSIC commissioned a consultant to analyse Indigenous housing statistics from the 1996 Census. The resultant report, published in April 1999, provides information that enables comparison with 1991 data, including assessment of changes in overcrowding and housing need.

## **Planning for a new national needs survey**

**2.9** ATSIC will conduct a second survey of the housing and infrastructure needs of Indigenous Australians in conjunction with the Australian Bureau of Statistics (ABS). This survey is referred to as the 1999 Community Housing and Infrastructure Needs Survey (CHINS). The survey will build on the experience gained from the earlier 1992 HINS and will collect community and housing information in all Aboriginal and Torres Strait Islander communities across Australia. More data will be collected on infrastructure than in the earlier exercise. Information will also be collected from Indigenous housing organisations including those in urban areas.



**2.10** The ABS has a two-stage approach to CHINS. Stage 1 was aimed at developing and testing a number of collection methods during 1998. ABS will analyse and evaluate the results from these tests to determine the most appropriate method of data collection. It will implement the selected method in the data collection or fieldwork stage of the survey during June-September 1999.

**2.11** The results from this survey will provide the most up to date assessment of the housing and infrastructure needs of Indigenous Communities. This will allow ATSIC to identify, at a macro level, changes in assessed need, using information from the 1992 HINS, analyses of the 1991 and 1996 Census data and the 1994 NATSIS.

**2.12** To summarise, ATSIC has estimated national needs for housing for Indigenous Australians through:

- its commissioning of an analysis of 1991 Census data;
- its commissioning of the first national Housing and Infrastructure Needs survey in 1992;
- use of data from ABS' first National Aboriginal and Torres Strait Islander survey in 1994;
- its commissioning of an analysis of 1996 Census data; and
- its commissioning for 1999 of the second national Housing and Infrastructure Needs survey.

## **ATSIC's identification of relative need in communities**

**2.13** As well as assessing Indigenous housing and infrastructure need at a macro level, ATSIC has addressed this need at the community level as part of targeting communities with a high priority for improving their living environment.

**2.14** In 1994 ATSIC commissioned a study of previous research on the relative severity of the effects of environmental factors on health. The study reported that no instrument existed to indicate such causal effects. It presented a trial instrument for indicating the factors which most impaired the health of Indigenous households, and which could be used to direct resources to correct them. This study<sup>5</sup> was used as a basis for developing a project assessment methodology for comparative assessment of potential housing and infrastructure projects in Indigenous

---

<sup>5</sup> O'Connor, Rod 1994, *Development of the Health Effects Scale : a Trial Instrument based on Expert Judgement for Rating the Effect of Environmental Factors on the Health of Aboriginal Households*, Rod O'Connor and Associates, Sydney.

Communities. Notwithstanding, a current ATSIC Office of Evaluation and Audit (OEA) evaluation has highlighted the need for review and development of the methodology<sup>6</sup>.

**2.15** The methodology, the Health Impacts Assessments tool, was developed and used to promote objectivity, transparency, and consistency in decisions made on the eligibility of projects for NAHS/HIPP funding. ATSIC's commissioning of this methodology to provide a more objective and reliable way of assessing relative housing needs was a significant step forward for the program.

**2.16** NAHS contracted state program managers now use the Health Impact Assessment tool methodology in all states and territories. They visit a large number of communities for on-site discussions and assessment. This detailed project assessment considers three issues, namely:

- improvements in physical infrastructure expected to flow from a project;
- the particular project characteristics which met construction brief requirements for such matters as best practice, sustainability, other party funding, employment, and skills transfer; and
- the long term improvements in a community's environmental health expected from the project.

**2.17** Program managers quantify 'before and after' assessments of the benefits of infrastructure improvements. They attempt to measure the levels of favourable project characteristics inherent in the proposed work. ATSIC uses these data to rank proposed projects.

**2.18** Following the completion of health impact assessments, the process for identifying priority projects includes endorsement by Regional Councils and State Advisory Committees<sup>7</sup> (SACs) and by ATSIC's Chief Executive Officer. For each endorsed project, the relevant ATSIC delegate makes a decision as to the appropriateness of the project before issuing a letter of offer.

**2.19** Three rounds of health impact assessments have been completed. Following ATSIC Board approval of NAHS planning allocations to the states for the period 2000-01 to 2002-03, a further round of health impact assessments will be conducted.

---

<sup>6</sup> Aboriginal and Torres Strait Islander Commission 1999, *Evaluation of the Health Infrastructure Priorities Projects Program : Final Report by Office of Evaluation and Audit*, ATSIC, Canberra.

<sup>7</sup> A State Advisory Committee comprises all Regional Council Chairpersons, Commissioners and the State Manager from within a State or Territory. It meets to consider projects funded under the national program, principally State grant and multi regional projects, and makes recommendations to the ATSIC Board.

**2.20** The ANAO found that under NAHS, ATSIC had established effective mechanisms for the identification and determination of priorities that produced informed and objective assessments of need for major housing and infrastructure projects in Indigenous Communities.

## Environmental and primary health care

**2.21** The report of the National Aboriginal Health Strategy Working Party in March 1989, which remains a currently referenced strategy to improve Aboriginal health, included a number of notable comments regarding the importance of environmental health conditions to the health of Aboriginal and Torres Strait Islander people. Such comments were that:

- integral to health systems infrastructure are support services such as sewerage, water supplies and communication systems;
- safe and adequate water supply, improved number and design of houses, shelter, dust control and other environmental factors are vital to sustain improvements in Aboriginal health and well being; and
- without question, the inadequacy of sewerage and water supply systems is a major factor in the poor health status of Aboriginal people<sup>8</sup>.

**2.22** ATSIC's provision of housing, water and sewerage systems and related infrastructure as environmental health measures complements the work of primary health care services in Indigenous Communities. These health services are funded to varying degrees by the states/territories and by the Commonwealth Government through its Department of Health and Aged Care's Aboriginal and Torres Strait Islander Health program. This program finances community controlled primary health care, such as health promotion measures, early diagnosis, intervention, and the prevention of disease, and substance misuse services. In 1997-98, the Department spent \$130.6 million on primary health care and substance misuse in Indigenous Communities.

**2.23** The ANAO reviewed the Department's management of this program, including its relationships with ATSIC and the states/territories, in Audit Report No. 13 of 1998-99, which was tabled in Parliament in November 1998<sup>9</sup>. The ANAO report highlighted the need, and the opportunity, for the Department and ATSIC to share information at all levels about their complementary programs. Both agencies agreed with the recommendation to increase their cooperation. They co-operate on a range of matters at present.

---

<sup>8</sup> National Aboriginal Health Strategy Working Party 1989, *A National Aboriginal Health Strategy*, NAHWP, Canberra.

<sup>9</sup> The Auditor-General, Report No. 13 of 1998-99, page 92.

**2.24** ATSIC has established forums at state and territory levels through, for instance, bilateral housing agreements to focus attention on housing programs, and through environmental health forums, which address coordination of environmental health measures. The Department of Health and Aged Care has a framework agreement with every state and territory government, the community controlled sector and with ATSIC. These framework agreements and related forums are the basis for identification of measures to address health needs in each state and territory. In other words, there are at least two sets of forums in the states and territories; one set addresses environmental health problems and the other addresses primary and secondary health care needs. The ANAO found that there was no formal mechanism for interaction between these state/territory forums. ATSIC has advised that recent and current coordination work with the Department's Office of Aboriginal and Torres Strait Islander Health (OATSIH) includes:

- contribution to the draft national environmental health strategy, *Environmental Health in Australia: Towards a National Strategy* released for comment by the Public Health Division of the Department;
- collaboration on indigenous data sets, where OATSIH has been involved in developing a set of health services related questions to be included in the Community Housing and Infrastructure Needs Survey 1999;
- OATSIH being represented on the National Advisory group for ATSIC's Community Housing Infrastructure Needs Survey and has participated in meetings of the National Indigenous Housing Data Working Group which is part of the Commonwealth State Working Group on Indigenous Housing;
- OATSIH, together with ATSIC and the Army, being the Steering Group for the ATSIC/Army Community Assistance Program. An evaluation of AACAP will be finalised in 1999;
- OATSIH input into the joint review of air service access and air safety issues for remote Aboriginal communities with the Department of Transport;
- development of a government response to managing the impact on Indigenous Communities of changes to the excise arrangements on Avgas; and
- ATSIC and OATSIH have jointly funded a program for training in environmental health. The program is a Bachelor of Applied Science, (Environmental Health) Indigenous Strand, from the University of Western Sydney.

**2.25** During the course of this audit, ATSIC and the Department identified that they were looking to build on the cooperative working arrangements established to address how the separate state/territory primary and environmental health, and housing forums could best interact. Notwithstanding, the ANAO suggests that there would be benefit in ATSIC and the Department reviewing periodically:

- the adequacy of the relationships between their separate environmental and primary health care forums to achieve the objective of their respective programs; and
- the relationship between these forums which facilitates decision making to maximise the impact of total Commonwealth expenditure on environmental and primary health care for Indigenous Australians.

## Conclusion

**2.26** Under NAHS, ATSIC has established effective mechanisms for the identification and determination of priorities that produce informed and objective assessments of national needs for major housing and infrastructure projects in Indigenous Communities. ATSIC has taken steps to revise national data on housing and infrastructure need in Indigenous Communities through an analysis of 1996 Census housing data and the conduct of the 1999 Community Housing and Infrastructure needs Survey. Building on their current level of cooperation, ATSIC and the Department of Health and Aged Care are addressing the level of appropriate interaction between the separate forums for primary and environmental health, and for housing in the states and territories, in order to maximise their combined impact on Indigenous health.

**2.27** ATSIC has taken a significant step forward with implementation of an improved methodology for assessing the relative needs of projects. However, ATSIC's Office of Evaluation and Audit has recommended a review and development of that methodology.

## 3. Program Delivery

---

*This Chapter reviews the role of private sector program and project managers in delivering housing and infrastructure to Indigenous Communities.*

### Background

**3.1** Following a 1994 review of program delivery, ATSIC recognised that neither they nor Aboriginal and Torres Strait Islander communities had the resources or the expertise to manage large-scale complex housing and infrastructure projects. ATSIC decided to trial the employment of a private sector firm as the program manager for NAHS Health Infrastructure Priority Projects. The program manager's role was to include oversight of the delivery of major infrastructure and housing projects. ATSIC used a competitive open tender and selection process for choosing a firm in the trial project with construction and engineering expertise to work as the outsourced program manager. To assist in making the decision, ATSIC involved consultants and used independent benchmarks on fees to ensure it gained the best value for money.

**3.2** In June 1995, ATSIC appointed an internationally recognised engineering project management group to manage the initial \$60 million expenditure of NAHS funds on HIPP. This level of expenditure attracted an organisation of greater capacity than had previously tendered for ATSIC's work. Part of the requirement of the contract was to develop, with ATSIC, a methodology for evaluating potential projects for Aboriginal and Torres Strait Islander communities.

**3.3** Specific benefits of the new arrangements were identified by ATSIC as providing:

- better targeting of environmental health needs;
- a more holistic approach to addressing housing and infrastructure; and
- coordination of program delivery between ATSIC and state/territory and local levels of government;
- a stronger focus on standards in design and construction, including appropriate technology;
- sustainable asset management strategies; and
- achievement of economies of scale.

**3.4** The contracted program management arrangements were extended to the full NAHS component of CHIP for 1996-97 to 1998-99,

with \$193.57 million to be managed at the state/territory level. Through a competitive tendering and contracting process, ATSIC appointed three Contracted State Program Managers (CSPMs) to deliver the program to Aboriginal and Torres Strait Islander communities around Australia. CSPMs were appointed for the period 1996-97 to 1998-99 namely:

- Ove Arup in Queensland and the Northern Territory;
- PPK in Western Australia, South Australia and Victoria; and
- GHD in New South Wales.

**3.5** As a result of delays to commencement of some projects and longer than anticipated project timeframes, ATSIC extended NAHS until 1999-2000. Consequently, the CSPM contractual arrangements were extended by one year to 30 June 2000.

## **Role of the Program Manager and contractual requirements**

**3.6** Under the contracts between ATSIC and each CSPM, the CSPM is required to prepare and manage the state/territory NAHS program for the construction and purchase of facilities, including the setting of standards and specifications and the review of the performance of completed facilities for the functions for which they were designed and built. The CSPM is required to be responsive to ATSIC's program objectives and to follow ATSIC's procedures, processes and guidelines. The CSPM's major responsibilities under the contract are summarised below and detailed in Appendix 2. The CSPM's responsibilities include:

- consultation and communication with ATSIC at Central, State and Regional Office level, project managers, Aboriginal and Torres Strait Islander communities and Regional Councils and Inter-Agency Forums;
- project identification;
- program planning;
- project development;
- monitoring of projects;
- financial management; and
- periodic reporting (for details, see Appendix 3).

**3.7** These responsibilities are discussed in turn.

## **Consultation and communication**

**3.8** As well as consultation and communication with those government bodies referred to above, the CSPM has a key role in consultations and negotiations with Aboriginal and Torres Strait Islander

communities during the planning, construction and reporting phases of projects.

### **Project identification**

**3.9** The CSPM is required to assess projects for priority funding, including to:

- evaluate project proposals referred by the ATSIC project officer including a preliminary assessment and review of cost estimates;
- conduct a desk audit of project proposals to assess project suitability for NAHS funding, and prepare a comparative assessment of projects. The comparative assessment includes recommendations on projects for ATSIC's approval and the basis for each recommendation; and
- identify projects where desk audits need to be supported by site visits.

**3.10** Where site visits are conducted the CSPM is required to:

- identify the status of current infrastructure facilities available to the community;
- assess how the project contributes towards the program's objective of improving environmental health;
- assess what additional environmental health infrastructure requirements may be needed to meet health objectives;
- evaluate appropriateness of design and technology;
- evaluate community health impacts of the project;
- assess the degree of technical knowledge required by the community to efficiently use and operate the facilities provided by the project;
- identify future maintenance requirements;
- identify possible Aboriginal and Torres Strait Islander employment and training created by the project;
- identify planning requirements including proposed delivery dates;
- scope the project and assess cost estimates over the three year funding and construction period; and
- make a recommendation to ATSIC on the priority of the project.

**3.11** To achieve consistency of proposed projects with existing community development planning and with ATSIC regional planning the Contracted State Program Manager is required to consult with ATSIC, communities and Regional Councils and include the results of site visits and consultations in project evaluation reports.



## **Program planning**

**3.12** In relation to program planning, the CSPM is required to establish and maintain a data-base of projects and a supplementary list of projects, and from time to time revise the three year rolling plans of projects submitted to ATSIC for consideration. The data-base must include detailed information about each project, such as cash flow projections, the total expenditure for each financial year and the expected critical dates for the physical delivery of each project.

## **Project development**

**3.13** Responsibilities under project development include assistance to a community in the development of a tender brief and provision of advice on project manager selection. CSPMs confirm with communities their interest in the land and consult with them on the level and nature of Aboriginal and Torres Strait Islander employment and training opportunities. To ensure future maintenance of the infrastructure which NAHS will build, they need to identify sources and types of expertise required in the community and possible funding of infrastructure maintenance. Finally, CSPMs assist in negotiations with state and local government agencies on coordinating efforts for project funding and project maintenance.

## **Monitoring of projects**

**3.14** ATSIC's program manager contracts set out the requirements for project monitoring, such as:

- to oversee the management of all projects with the objectives that the final facilities are completed to appropriate standards according to specifications and to meet the requirements of the communities;
- to monitor the performance of project managers or consultants against recognised standards and conditions contained in the program management agreements; and
- to monitor project managers' adherence to project objectives, performance targets and tendered price.

## **Financial management and reporting**

**3.15** ATSIC has required each of the firms employed as CSPMs to establish a trust fund into which ATSIC deposits the program moneys for the projects under the control of the relevant CSPM. The CSPM controls the trust fund, use of which is audited by a private sector auditor. Funds are paid into the trust funds based on cash flow forecasts by the CSPMs, meaning that only funds that are required are actually paid by ATSIC. This is in line with sound cash management practice.

**3.16** The CSPM is responsible for financial administration and reporting to ATSIC on each project from the time of ATSIC's referral to the CSPM until the project's completion. The contractual requirements ensure the basis for strict financial controls exist.

### **ANAO comment**

**3.17** While the methodology of using a project manager to oversight the construction processes for delivering housing and infrastructure to Aboriginal and Torres Strait Islander communities is not new to ATSIC, the methodology of that manager in turn being managed by a contracted program manager is a significant innovation. Program managers for WA and the NT commented that the quality of project managers contracted under NAHS varied and some required more management than others, particularly in the provision of status reports. ANAO's review of the project files and site visits for selected projects confirmed appropriate oversight of project managers by program managers in accordance with contractual requirements.

## **Responsibilities of the project manager**

**3.18** Under the contract with ATSIC the project manager's role is defined as:

*the person or organisation engaged by the grantee organisation (the community) to manage the construction of houses or installation of infrastructure facilities which are the subject of the grant under the NAHS Program.*

**3.19** The ANAO considered that the selection process for the appointment of a project manager and subsequent contractual requirements was aimed at the effective delivery of projects that addressed community housing and infrastructure needs. Key features of ATSIC's process for the selection of project managers include:

- project management of all individual projects must be subject to a tendering process with tender proposals evaluated by the program manager;
- project managers must be acceptable to the community and establish community liaison arrangements covering the life of the project, including evaluation components, which also must be acceptable to the community;
- the project manager is not to tender for a capital works component unless approved by ATSIC;
- project managers are to check compliance with all appropriate technical standards. The NAHS/HIPP pilot program also promoted the use of

industry best practice in housing design and construction to provide quality housing;

- project managers should ensure that community employment, training and management opportunities are maximised;
- project managers should support training opportunities and skills transfer to Aboriginal and Torres Strait Islander project participants; and
- project managers are required to produce a number of reports under the contract (for details, see Appendix 4).

**3.20** The ANAO considered that the specific steps for project implementation establish an effective framework for project delivery and place a high level of accountability on project managers to deliver large housing and infrastructure projects in accordance with requirements. This framework is designed to ensure that not only is adequate community consultation completed, but that a well structured approach to project delivery is consistently delivered through NAHS/HIPP projects.

**3.21** ATSIC officers in State and Regional Offices commented to the ANAO that the larger projects being delivered under NAHS/HIPP attracted a higher quality project manager compared to the smaller projects funded through Regional Council budgets and managed by ATSIC officers. In addition, ATSIC staff commented that the use of a contracted program manager had served to change prior relationships between some project managers and communities, which had not always previously resulted in the delivery of the most appropriate housing and infrastructure. The ANAO considers that such comments identify some of the project management success factors in the NAHS framework for project delivery.

## Review of projects

**3.22** To test the effectiveness of ATSIC's methodology of using private sector program and project managers under contract to deliver large scale housing and infrastructure to Indigenous Communities in rural and remote areas of Australia, the ANAO reviewed 10 of the 105 NAHS/HIPP Round 2 projects. NAHS/HIPP Round 1 projects (31) were not included in the ANAO review as that element of the program was the subject of a review by ATSIC's Office of Evaluation and Audit (OEA). The OEA report was finalised in April 1999.

**3.23** The ANAO found that for the selected projects reviewed:

- project management was in accordance with contract provisions; and
- there was effective management by contracted program managers, including of project managers.

**3.24** The ANAO tested controls over the trust funds as part of its 1997-98 audit of ATSIC's financial statements. It found that the controls were operating satisfactorily and that reliance could be placed on them. Therefore, the ANAO considered that the framework for disbursing ATSIC funds through the trust account under the control of a program manager ensured adequate control over ATSIC funds. Some communities commented that they preferred these arrangements because, even though they were the grantees for the project, the responsibility for project delivery and for disbursement of funds was appropriately the responsibility of the contracted program manager.

**3.25** Overall, the ANAO review of selected projects indicates that the strategy and the extensive and rigorous contractual framework for delivering housing and infrastructure projects under NAHS was effective.

## **Relationships with communities**

**3.26** Of the ten projects examined during ANAO field work six were visited by the audit team and discussions were held with their community representatives.

**3.27** The contractual obligations and work to be performed by a project manager include consultation with communities at various stages during the life of each project. The expected level of consultation to be undertaken by project managers is outlined in their contracts and requires<sup>10</sup>:

- community views on the project's objectives to be reflected in desired project outcomes;
- community satisfaction with the final design of the works;
- community satisfaction with the quality of construction;
- maximum community involvement in the project's operation and maintenance; and
- the maximisation of employment, training and skills transfer to community members.

**3.28** The ANAO found that the project management arrangements, including contractual obligations, established a framework for project

---

<sup>10</sup> Health Infrastructure Priority Project 1996, Project Management Agreement, contract, ATSIC and Ove Arup.

managers to develop good working relationships with communities to deliver appropriate housing and infrastructure to Aboriginal and Torres Strait Islander communities. This was confirmed during ANAO visits to the selected projects where community representatives commented that they were satisfied with the quality and progress of their projects, although comments were made about the seemingly long time taken to get the projects underway. The ANAO considered that these comments were indicative of communities not having a full appreciation of the planning required, including consultation, to commence large scale projects.

**3.29** The ANAO recognises that in addition to direct contact with program and project managers, ATSIC also convenes forums to address project implementation issues. Examples are:

- the Program Managers and ATSIC State Coordinators Conference, most recently held in November 1998;
- Project Managers and Architects Conference most recently held in Broome, WA, August 1998; and
- the NAHS/HIPP Projects and Community Building Teams Workshop, held in Darwin, November 1997.

**3.30** The ANAO considers that the conduct of these forums indicates a collaborative environment for maintaining effective working relationships for ATSIC staff and with program and project managers.

## **Communities visited by ANAO**

### **Burringurrah, Western Australia**

This \$4.5 million project is for construction and sealing of internal roads, construction of stormwater drains, improvement of the sewerage system, drilling and equipping of new bores, replacement of water reticulation pipes, new water storage tanks and transfer pumps, sewer conversion of existing community houses and buildings and construction of eight houses and renovation of 18 houses.

The new infrastructure has resulted in improved living conditions for the community, including: sufficient serviced housing lots to meet housing needs for the next 15 years, reduced problems with dust from unsealed roads, an improved water supply and reduced overcrowding in houses.

The local TAFE has provided training to 40 Indigenous participants in housing construction and renovations.

### **Swan Valley Nyungah, Western Australia**

This housing and infrastructure project is providing 10 new houses and renovations to existing dwellings and infrastructure. The total cost of the project is \$1.5 million. The project is being managed by the community, with some outside technical assistance. The community is responsible for the construction of the houses, using both community resources and subcontractors. Two houses have been fully completed, approved by the shire council and are currently occupied. An additional four houses have had rammed earth walls completed. The project has been underway for 12 months and will be completed early in the 1999-2000 financial year.

The power upgrade works, comprising a hybrid power system with solar and wind turbines, have been completed. They include the installation of swipe card meters on each of the community's houses to assist residents to monitor their energy usage.

Sixteen people are employed full time on the project through ATSIC's Community Development Employment Program, and the Commonwealth Department of Employment, Workplace Relations and Small Business has provided funding for traineeships. Appendix 5 provides further description in a poster presentation on this project.

### **Walhallow, New South Wales**

This project of \$1.65 million is for the construction of eight houses, improvement of the water supply and roadworks. The project was undertaken in cooperation with the NSW Department of Housing, which provided \$502 000 for four accommodation units for the aged.

All construction work has been completed within budget. Unexpended funds are used for minor community environmental health infrastructure upgrading works.

Significant employment and training opportunities were taken up by the community during the course of the project, including 740 days of employment for demolition of existing houses, 192 days of employment on construction of minor housing related infrastructure, 580 days of employment, 416 days of formal training in relation to housing construction, and six days of employment and 12 days of training for the roads and water component. Two community members received qualifications in use of backhoes.

### **Milingimbi, Northern Territory**

This project consists of 66 major house renovations and road sealing and drainage within the Milingimbi Community in North East Arnhem land. The community has an approximate population of 900. The project grant was \$2.86 million.

The roadworks and drainage were completed in December 1997 with employment of three local people.

Renovations were divided into packages with the community building team awarded two packages worth \$387 800. Under the project, 28 CDEP employees have been engaged for the renovations work and nine of these workers have signed with DEWRSB to start a training program of construction industry modules.

The expected completion date for the construction phase of the project is November 1999.

### **Ngukurr, Northern Territory**

Yulgul Mangi Community Government Council is the grantee for this large NAHS/HIPP project at Ngukurr, situated on the Roper River in the Gulf of Carpentaria. The community of around 1100 people has negotiated the project for six new houses and renovations to up to 72 existing houses and units. The ATSIC grant is \$3.19 million. The community successfully completed two houses in April 1998 and have been awarded further construction, landscaping and fencing work. Construction is continuing with the estimated completion date of October 1999.

### **Minyeri, Northern Territory**

Minyeri is situated east of Katherine with a population of around 250. The community accepted ATSIC's letter of offer for project funding in December 1996, and the ATSIC grant is \$2.639 million.

The project will provide six new dwellings, establishment of the water supply, upgrade of power reticulation, drainage/plumbing and fencing/site development. The housing component was completed in April 1998, the improvement to the power supply was completed in August 1998, fencing and landscaping completed in September 1998 and the remainder of the project is due for completion by February 1999. Indigenous employment to date has totalled 227 person days.

## Examples of housing and infrastructure provided to Indigenous Communities under NAHS

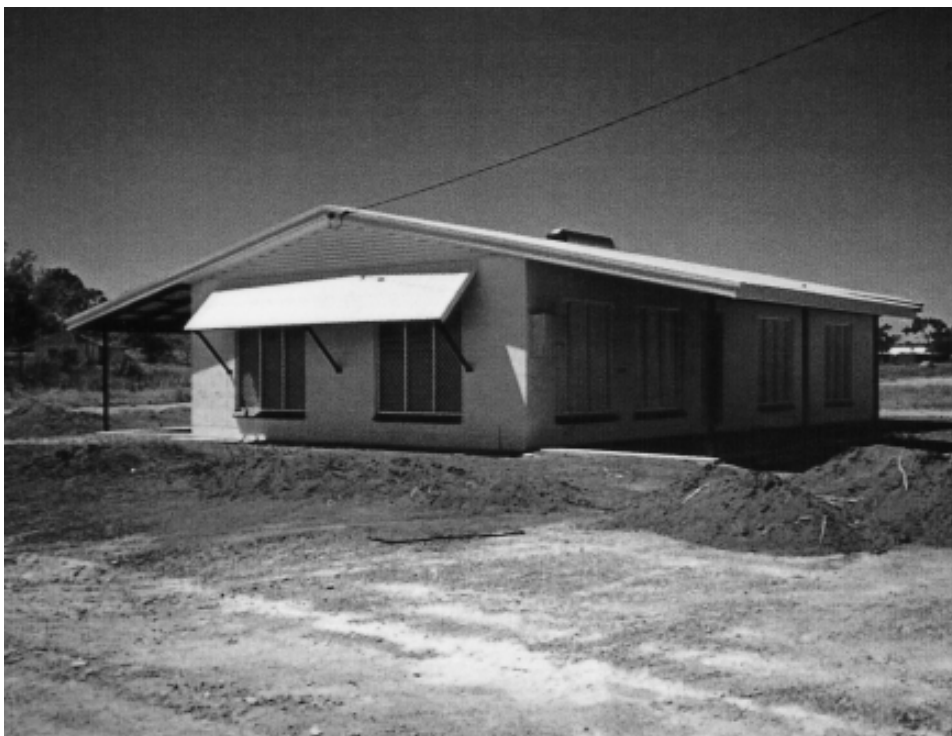
Housing and infrastructure under NAHS is constructed in Indigenous Communities to satisfy commonly understood areas of need such as homelessness, overcrowding and inadequate water, power and sewerage systems, as well as specific local needs, relevant to a particular environment.

These photos are examples of housing designed to withstand different environments from arid to tropical climates. In hot inland environments, particular attention is given to durable exterior construction and protection from the sun, especially to provide large areas of shade to cater for an outdoor lifestyle.











## Cooperation with Western Australia and Northern Territory government agencies

**3.31** The nature of the delivery of the NAHS/HIPP program, with major infrastructure and housing projects managed by private sector program managers in each state and the Northern Territory, has placed a focus on the development of cooperative arrangements on a state/territory basis. The ANAO reviewed ATSIC's relationships with state/territory government agencies in the Northern Territory and Western Australia as NAHS projects and expenditure are concentrated in those two locations.

### Northern Territory

**3.32** In the Northern Territory, ATSIC's relationships with stakeholders are maintained at two levels. Firstly, ATSIC is represented on the Indigenous Housing Authority of the NT (IHANT) by two Commissioners, and one councillor from each of the seven ATSIC Regional Councils in the NT. The ATSIC Territory Manager is an observer and two ATSIC Territory Office staff are part of the IHANT Secretariat. Secondly, ATSIC and the contracted state program manager are members of an NT Inter-Agency Forum which involves representatives at officer level of the major NT agencies represented on IHANT.

**3.33** IHANT was established in September 1995 following the signing of a Bilateral Agreement on Housing and Related Infrastructure between the Commonwealth and Northern Territory Governments. The objective of the agreement is to improve housing for Aboriginal and Torres Strait Islander people. Under the Bilateral Agreement, funding received by the NT from the Commonwealth (\$19.5 million in 1997-98) under the Aboriginal Rental Housing Program is pooled with NT government funding (\$4 million) and the housing component of ATSIC Regional Council budgets in the NT (\$15 million). IHANT meetings are held quarterly and a progress report on NAHS/HIPP by ATSIC's NT Program Manager is a standing agenda item. The IHANT budget for 1998-99 included \$6 million for essential repairs and maintenance of housing (\$1700 per dwelling).

**3.34** Inter-Agency Forum meetings were initiated in July 1996 in order for agencies to learn of NAHS/HIPP's implementation and to further develop coordination processes. The importance of the partnership role of Territory agencies was stressed, particularly in recognition that the support of all agencies was essential to NAHS/HIPP's aim of ensuring that project outcomes maximise health improvements. Forum members agreed that agency advice on construction standards, specific issues in

target communities as well as coordination with other projects in the community, were all part of the desired cooperative process.

**3.35** The ANAO found that the formation of the Inter-Agency Forum in the NT had facilitated effective cooperation between stakeholders, through:

- regular inter-agency meetings to monitor the progress of the overall NAHS/HIPP program and to provide policy level coordination;
- identification of key milestones in the implementation of NAHS/HIPP projects at which relevant stakeholders address specific community issues, transfer information and establish contacts, confirm acceptance by all stakeholders and ensure maximum cooperation will be achieved;
- discussion of priorities for NAHS/HIPP funding, including very specific discussion of issues regarding individual potential communities;
- identification of community building teams that were working well on NAHS/HIPP projects in order that IHANT funding might be better targeted in some communities; and
- discussions between the ATSIC NAHS Program Manager and the Northern Territory Department of Housing and Local Government (DHLG) regarding the development of a methodology for a post occupancy evaluation (aimed at measuring building performance), to facilitate consideration by IHANT.

**3.36** The ANAO found that the achievements of the Inter-Agency Forum in the NT included:

- establishing and maintaining a good working relationship amongst stakeholders which reflected a willingness to work together to maximise the impact of NAHS/HIPP projects, especially around health improvements;
- developing Environmental Health Standards for Remote Communities in the Northern Territory. These standards describe the minimum level of environmental health infrastructure and essential services required to facilitate a healthy environment;
- getting NT Power and Water Authority (PAWA) to agree to maintain NAHS/HIPP infrastructure in accordance with PAWA standards;
- gaining support for specific NAHS/HIPP projects such as PAWA relocating the power supply at Miniyeri, and land servicing by the Department of Housing and Local Government;

- gaining support for the Territory Health Service (THS) Septic Tank Upgrade projects in targeted communities and the THS Septic Tank Education Project; and
- implementing a THS Health Monitoring/Evaluation project in selected communities with NAHS/HIPP projects - Yuendumu (Central Australia Region), and Nguiu an East Arnhem community.

**3.37** The ANAO considers that there is room for improvement in the coordination of IHANT and NAHS programs to maximise expenditure by the two programs on environmental health. The ANAO recognises that ATSIC is only one stakeholder in IHANT. However, its Regional Council and Zone representatives constitute nine of the 15 members. ATSIC advised that a recent review of IHANT recommended that all program delivery be outsourced. If this recommendation is accepted by the NT Government, it may lead to closer working relations between the two programs.

## **Western Australia**

**3.38** In WA, ATSIC's relationships with stakeholders are also maintained at two levels. Firstly, ATSIC is a member of the intergovernmental Environmental Health Needs Coordinating Committee (EHNCC), represented by the WA State Manager. Secondly, ATSIC is a member of EHNCC's Inter-Governmental Working Group on Environmental Health (IGWG).

**3.39** EHNCC was established in June 1995 as a result of efforts by the ATSIC State Manager to establish a mechanism or agreement to coordinate intergovernmental measures to address environmental health issues.

**3.40** ANAO identified that achievements of the collaborative and cooperative stakeholder relationships in Western Australia included:

- the completion of a 1997 Housing and Infrastructure Needs Survey across 260 remote communities and town reserves. The survey report was published in December 1998;
- development of a consultancy for development of housing and environmental health infrastructure standards;
- development of a joint WA State Government - ATSIC Town Planning Program, with town planning in progress in 30 communities, and consultancies established on Town Planning Guidelines;
- establishment of a Power Education Consumption and Metering Project with a steering committee comprised of representatives from ATSIC and from WA State Government agencies;

- State Government implementation of an Aboriginal Communities Strategic Investment Program (ACSIP) which involves several demonstration projects, the first two of which were in communities where ATSIC had NAHS/HIPP projects. In addition, comprehensive health audits have been undertaken at both these communities by the Health Department of WA. These audits documented needs in terms of health services and environmental health risk, and provide an important baseline of health data from which to measure improvements in the living conditions and health outcomes of residents; and
- the EHNCC has served as a forum to address additional funding requirements for an ATSIC NAHS/HIPP project. For example, ATSIC reported difficulties in obtaining additional funds for extending a sewerage system. Additional funds were obtained from within ATSIC (\$690 000, from the local Regional Council and Central Office) and from the Health Department of WA (\$250 000) and the Aboriginal Housing Board of the Western Australian Government's Homeswest (\$250 000), totalling \$1.19 million. The ANAO also identified other examples of additional stakeholder funding/support for ATSIC projects, including State Government funding for additional housing.

**3.41** The Commonwealth Department of Employment, Workplace Relations and Small Business was not represented on the EHNCC or the IGWG in Western Australia. The ANAO considered that representation of DEWRSB on stakeholder forums in the NT had resulted in DEWRSB in the NT maximising limited employment and training funding to support NAHS/HIPP projects. In light of this, the ANAO considers that ATSIC should pursue the inclusion of the Department of Employment, Workplace Relations and Small Business in the stakeholders forums in all states and territories.

## NAHS funding from other sources

**3.42** One of the NAHS objectives for 1997-98, identified in ATSIC's Annual Report, was to:

*increase commitment from state, territory and local governments for infrastructure projects to improve environmental health conditions in Indigenous Communities.*

**3.43** The NAHS project manager's contract states that:

*The NAHS Project Manager will assist the State Program Manager to obtain increased commitment to the project, from Federal and State Governments, from relevant Statutory Authorities, and from other interested parties. Primary responsibility for obtaining funding commitment rests with the State Program Manager.*

**3.44** Similarly, the contracted state program managers are required under their contracts with ATSIC to:

- develop an employment and training strategy which includes, where possible, input from or co-ordination with other government agencies;
- ensure that a strategy is in place for future maintenance of the new infrastructure including the identification of sources and types of expertise required in the community and funding to maintain the facilities constructed; and
- assist in negotiations with local and state government agencies on coordinating funding of NAHS projects and with maintenance agreements and strategies.

**3.45** The ANAO identified, for the projects reviewed, the level of support received from other ATSIC programs and from other government agencies. This support is shown in Table 3.1.



**Table 3.1****Funding sources for selected NAHS/HIPP projects <sup>(1)</sup>**

Community	NAHS/HIPP	OTHER ATSIC <sup>(2)</sup>	DEWRSB	STATE/TERRITORY GOVT	Other	Total
Burringurrah WA	\$3 850 000	ATSIC State \$12 000 (town planning) ATSIC RAESP \$487 000 HIPP \$38 152	\$166 350	WA Department of Transport \$50 000 Aboriginal Health Board \$600 000	Geraldton TAFE \$158 956	<b>\$5 362 458</b>
Swan Valley Nyungah WA	\$1 500 000		some was provided but was not identified in bi-monthly status reports	\$220 000 (Alternative Energy Development Board Homeswest and Western Power)		<b>\$1 720 000</b>
Wirrimanu (Balgo) WA	\$2 270 000	ATSIC State grant \$24 800 Water Corporation services				<b>\$2 294 800</b>
Miniyeri NT	\$2 639 000				PAWA \$500 000	<b>\$3 139 000</b>
Milingimbi NT	\$2 860 000		DEWRSB \$94 000			<b>\$2 954 000</b>
Ngukurr NT	\$3 190 000		DEWRSB training provided not costed in ATSIC reports	Department of Housing and Local Government and the Indigenous Housing Authority of NT \$1 733 500		<b>\$4 923 500</b>
Wallhallow NSW	\$1 650 000		DEWRSB training provided not costed in ATSIC reports	NSW Dept. of Urban Affairs \$502 000		<b>\$2 152 000</b>
Wadeye NT	\$6 050 000		DEWRSB training provided not costed in ATSIC reports	\$50 000 - details to be provided by Darwin Office Services provided by DHLG and PAWA		<b>\$6 100 000</b>
Yarralin/Pigeon Hole NT	\$3 646 000		DEWRSB training provided not costed in ATSIC reports	DHLG/IHANT \$300 000		<b>\$3 946 000</b>
Alpururulam NT	\$4 730 000		DEWRSB training provided not costed in ATSIC reports	DHLG/IHANT \$300 000		<b>\$5 030 000</b>
Wallhallow NSW	\$2 000 000		DEWRSB training provided not costed in ATSIC reports	NSW Dept. of Urban Affairs \$410 000		<b>\$2 410 000</b>
<b>TOTAL</b>	<b>\$34 385 000</b>	<b>\$561 952</b>	<b>\$260 350</b>	<b>\$4 165 000</b>	<b>\$658 956</b>	<b>\$40 031 758</b>

1. This Table does not include ATSIC's CDEP funding.
2. Funds provided from other components of the CHIP sub-program.

**3.46** The data in Table 3.1 indicates that other agency support for projects reviewed by the ANAO is mixed, with overall support from other agencies being 12.7 per cent of total expenditure.

**3.47** However, the ANAO found that there were indications of a broad level of support at a higher level. For example, the ANAO found that:

- the PAWA in the NT has made a commitment to maintain power, water and sewerage systems in rural and remote communities built to its standards; and
- other state costs identified in an ATSIC operational maintenance report indicates that the states/territories are contributing approximately \$37 million to operation and maintenance costs for discrete Indigenous Communities within Australia.

**3.48** In addition, ATSIC advised that during the life of the projects considered in this audit:

- four new bilateral agreements on Indigenous housing or infrastructure have been struck;
- the NSW State government has approved a new \$200 million housing and infrastructure program over seven years that will complement the NAHS program rather than provide supplementary funding to NAHS individual projects; and
- the WA State government has increased the number of communities it is providing with recurrent maintenance funding from 48 to 56 and negotiations are continuing to further expand state responsibilities.

**3.49** The ANAO recognises that the NAHS program has played a part in the above broader level developments. In addition, the ANAO is aware and understands that the expansion of bilateral agreements in place and associated changes in financial arrangements between the Commonwealth and the states/territories will reduce the emphasis by ATSIC on NAHS projects to attract state/territory funding support. The ANAO considers that this changing environment necessitates clarification by ATSIC of the criteria for assessing, monitoring and reporting support for Indigenous housing and infrastructure by other levels of government. Further, the ANAO considers that support for NAHS projects will remain an important element of the assessing, monitoring and reporting process.

**3.50** The ANAO found limited evidence of ATSIC analysis and review of aggregated support across projects at the state/territory and national levels. Without this analysis and review ATSIC does not have all the necessary management information to assess its performance against the NAHS objective of increasing commitment from other governments for NAHS projects. This information is available to ATSIC in reports provided

by contracted program managers on the bi-monthly status of projects, project completion reports and through their annual overview of program management in each state and territory. Such analysis and review across projects would not place emphasis on the success or otherwise of any one project in attracting other agency support.

**3.51** The ANAO noted instances where services from other agencies were provided to a project but were not identified in program managers' bi-monthly status reports. There were also instances where other agencies funded work in a community at the same time as a NAHS project to utilise the on-site availability of the project manager and possibly the contractor. For example, an IHANT grant to Miniyeri used for housing renovations was concurrently managed by the NAHS project manager. There was reference to this concurrent activity in bi-monthly status reports. ATSIC should ensure that program managers identify and reflect such instances in order to fully recognise the impact of ATSIC NAHS projects in a community.

## Recommendation No.1

**3.52** The ANAO recommends that ATSIC:

- further develop the criteria for assessing, monitoring and reporting state/territory and local government support for Indigenous housing and infrastructure; and
- summarise and analyse relevant data on the support for NAHS projects at the state/territory and national levels to assist in reviewing its performance in increasing commitments from state and territory governments to those projects.

### *ATSIC Response*

**3.53** Agreed.

## Quality, cost and timeliness of projects

**3.54** The ANAO has found that the contractual framework for delivering housing and infrastructure to Aboriginal and Torres Strait Islander communities through program and project managers establishes a basis for ATSIC to control the quality, budget and timeliness of construction projects. These aspects are discussed briefly below.

**3.55** The ANAO noted that quality controls exist through:

- the need for extensive consultation with each community;
- the need for each community to sign off at various stages of a project, including on its satisfaction with initial design and subsequently the quality of the construction;

- monthly status and other reports provided by project managers and program managers;
- project managers not being paid until their monthly status reports are received and accepted by the program managers;
- Environmental Health Standards for construction projects in the NT agreed through IHANT and the Inter-Agency Forum; and
- the Power and Water Authority inspecting all infrastructure before it accepts responsibility for its maintenance.

**3.56** The cost of projects is controlled by early confirmation of a project budget. However, the ANAO noted that for the projects examined, a majority had variations to their budgets. Table 3.2 provides details of these variations.

**3.57** The data in Table 3.2 shows that around half of the projects examined during the audit had variations to the estimated completion dates. As can be seen from the Table, there are numerous reasons for budget variations and extensions of time frames. The ANAO found that the variations to the budget did not indicate deficient project management, but rather were often a result of a project manager having gained a better appreciation of the project through community consultation, and the development of design and workscope reports. The ANAO also noted that some variations to projects' budgets and time frames result in part from environmental, social and cultural factors. The ANAO considers that a better understanding of the scope of the project needs to be obtained earlier in the project planning process. Large scale housing and infrastructure projects in remote communities are difficult activities. The following are indicative of the difficulties associated with construction in rural and remote areas of Australia:

- preliminary estimates for a sewerage system may assume that the ground is suitable. Further analysis could identify that the surrounding ground is of very hard rock requiring more resources to complete the works;
- the community may have little or no experience of being asked what kind of housing would meet their needs. To maximise the suitability of the construction to be undertaken would therefore require more consultation with that community; and
- negotiation of a financial commitment from a state/territory or local government can be more time consuming than envisaged.

**3.58** The ANAO noted that a review of NAHS program management arrangements in Western Australia in 1997-98 identified that a number of projects in that State had variations to their budgets due mainly to the

**Table 3.2****Contract variations in a sample of NAHS projects**

Community	VARIATIONS TO PRICE AND THE % against the BUDGET	VARIATIONS TO COMPLETION TIME	REASONS FOR VARIATIONS
Burringurrah, WA	\$487 000 (12.5%)	3 months	some delays through use of local building team for training; review of housing renovation program and operation of Funds Release Account; additional infrastructure identified
Swan Valley Nyungah.WA	\$50 000 (3.5%)	none identified	
Wirrimanu (Balgo), WA	\$550 000 (32%) two variations	2 months	Project Manager over committed; excavation of hard rock, lack of water supply and variation to infrastructure contract; increased costs associated with the water supply upgrade; additional roadworks identified; increase in sewerage system upgrade
Miniyeri, NT	\$439 000 (20%)	minor	upgrading of some infrastructure after review by Project Manager
Milingimbi, NT	\$1 100 000 (62.5%)	3 months	minor delays due to ceremonial activities; Katherine flood rebuilding program; negotiating workscope and additional funding approvals
Ngukurr, NT	nil	minor	community team undertaking fencing; some work brought forward to give local building team some work
Wadeye, NT	nil	10 weeks	due to negotiation and approvals of the community building teams to waiver of tenders, and employment and training issues.
Yarralin/Pigeon Hole, NT	\$1 226 000 (50.5%) two variations	none identified	sewerage system upgrade, renovations to quarters, water supply upgrade; higher tender climate in the NT from significant new infrastructure work and the Katherine floods in Jan. 1998
Alpurrurulam, NT	nil	extended by 52 weeks	delays because of extensive rain and negotiations on the involvement of the community building team for training and employment; lack of finalisation of sewerage scheme; change to workscope meant changing the sewerage system to a fully reticulated design; housing re-designed - 4 month delay
Wallhallow, NSW	\$410 000 (25%)	minor see comments	10 week delay in awarding construction contract due to community concerns about preferred tenderer, mainly affected water and roadworks; Dec/Jan holiday break caused a delay in roadworks construction; poor subgrade condition delayed pavement construction; tender price higher than current project due to community request to have additional roadworks included (no change to overall budget); funding increased because of monies from other agencies

project manager, on appointment, consulting with the community and amending work scope and design, invariably resulting in budget variations. That review suggested that more work be undertaken by the program manager so that when the project manager is appointed the work scope and design have been decided upon and budgets have been established.

**3.59** The ANAO found that ATSIC is currently reviewing the program model, in relation to determining budgets. Such review is aimed at identifying a means by which a more precise estimate of costs and timing of projects can be made, after some initial planning, so as to minimise the number of variations to project budgets. The ANAO supports this action by ATSIC, particularly to enable any amendments to the model to be incorporated prior to the re-tendering for contract program managers in 2000.

**3.60** The ANAO noted one project where difficulties arose for the program and project managers due to competing priorities of timely completion of housing and infrastructure, and the provision of employment and training of those community members working on the project. At the time of the audit there were delays in the progress achieved by the community building team, which was estimated by the project manager to worsen due to continuing problems. There appeared to be some uncertainty on the part of the program and project managers regarding the extent of the delay that should be tolerated and what corrective action could be taken that would not alienate the community. The ANAO considers that the timely completion of projects affected by employment and training of community members is best addressed and managed on a project by project basis. There is a need for program and project managers to highlight emerging problems in project status reports so that ATSIC has the opportunity to assess the timing and extent of any action required.

## Operation and maintenance

**3.61** ATSIC requires its program and project managers to address maintenance of new NAHS infrastructure as an integral part of project development and implementation. Contract requirements include the need for:

- the program manager to ensure development of a strategy for maintenance of the new infrastructure, including the identification of sources and types of expertise required in the community and funding to maintain the facilities;

- the project manager, as part of the report on the proposed work scope of the project, to include preliminary estimates of future maintenance costs and resources requirements, and a preliminary strategy for meeting the ongoing operation and maintenance needs of the project; and
- prior to practical completion, the project manager is responsible for ensuring that appropriate instruction and operator training has been given to the community so that (where applicable) the community is able to operate and maintain the project works.

**3.62** The ANAO found that NAHS project completion reports for the six projects completed at the time of the audit addressed options for the operations and maintenance of infrastructure. In addition, the reports highlight the importance of operations and maintenance to the sustainability of environmental health improvements achieved through NAHS projects. Specific issues identified across the reports include requirements for:

- a structured repairs and maintenance program for infrastructure implemented under the NAHS project, by suitably trained and experience personnel, to be instituted;
- nominated community members to receive appropriate training to carry out basic operational duties on a daily basis, to complement regular programmed maintenance;
- a strategy for repair and maintenance of remaining infrastructure, which needs future upgrading, to be implemented; and
- implementation of a structured repairs and maintenance program for housing to minimise the cost of repairs.

The ANAO also found that for each of these projects, structured maintenance had been agreed to be implemented by state/territory agencies or a program funded by them.

**3.63** The ANAO considers that the involvement of state/territory agencies in operations and maintenance of infrastructure implemented under NAHS is a direct result of effective stakeholder relationships developed by ATSIC. This has included state agencies agreeing to increase the number of remote Indigenous Communities for which they will take over responsibility for operation and maintenance costs of infrastructure. ATSIC considers that housing maintenance is a responsibility for the community to manage as part of its overall management of housing allocations, rental income and utilities expenses.

**3.64** ATSIC also addresses the sustainability of housing and infrastructure in communities in a number of other ways including:

- reviewing the viability of Indigenous Housing Organisations as part of project assessment;
- a focus on town planning as part of project planning and implementation;
- a review of municipal services costs in Regional Council budgets; and
- a study of operating and maintenance costs estimates for discrete Indigenous Communities in Australia.

**3.65** In 1998, ATSIC commissioned a study of operating and maintenance costs of NAHS projects. The operating and maintenance costs included in the study were broad estimates based on the product of population and average rates calculated from a wide variety of data sources. The estimates were not based on actual expenditure as the report stated that this information was not readily available. The study's report estimated that \$66 million per annum was required to adequately operate and maintain, in completed NAHS projects, essential services of water, sewerage and power systems. The report also includes estimates of known funding sources for operating and maintenance in the states and Northern Territory for 1997-98 which total \$42.5 million, including \$36 million from state/territory agencies.

**3.66** During ANAO's interstate visits, the importance of adequate operation and maintenance of Indigenous community housing and infrastructure was emphasised by all stakeholders, particularly by state and territory health agencies. It was apparent from those discussions and from ATSIC officers that there were different frameworks in place in the states and territories to address the sustainability of essential services in Indigenous Communities.

**3.67** The ANAO considers that ATSIC has established a framework that clearly identifies the importance of the need for structured operation and maintenance of housing and infrastructure implemented in Indigenous Communities under NAHS. For projects completed at the time of audit, ATSIC's relationships with state/territory agencies had resulted in those agencies formal agreement to take over responsibility for funding the necessary operation and maintenance of infrastructure implemented under NAHS. ATSIC has taken action to identify the gaps in estimated costs and known funding of operation and maintenance of essential services implemented under NAHS projects in discrete Indigenous Communities at the state and territory level.



**3.68** Monitoring of operation and maintenance funding of NAHS housing and infrastructure in Indigenous Communities over future years is essential to ensure that financial commitments are met. The ANAO's strategic planning includes the conduct of a performance audit of ATSIC's recurrent funding of completed NAHS projects.

## Benchmarking of program management

**3.69** Benchmarking involves, amongst others, making comparisons regarding key processes and strategies against other organisations to identify better practice. Benchmarking by Commonwealth agencies has been strongly advocated by the Government's Management Advisory Board (MAB) and the Management Improvement Advisory Committee (MIAC).

**3.70** The ANAO acknowledges that program management contracts are subjected to competitive tendering and contracting procedures aimed at obtaining best value for money. In addition, the performance of a contracted program manager is reviewed at the mid-point and end of contract by ATSIC.

**3.71** The ANAO found ATSIC has not formally benchmarked NAHS program management arrangements for the delivery of housing and infrastructure to Aboriginal and Torres Strait Islander communities.

**3.72** In the context of benchmarking being part of the continuous improvement and change process, there is the potential for ATSIC to benchmark its program management arrangements. This benchmarking could include organisations that are not only delivering housing and infrastructure to remote areas of Australia, such as some mining companies, but also organisations that have contracted out their management processes relevant to ATSIC's NAHS administration.

## Recommendation No.2

**3.73** The ANAO recommends that ATSIC benchmark NAHS program management arrangements, including project planning and project management costs, for the delivery of housing and infrastructure to Aboriginal and Torres Strait Islander communities to assist in the achievement of better performance.

### *ATSIC Response*

**3.74** Agreed.

## Conclusion

**3.75** The ANAO concluded that the framework adopted by ATSIC to deliver housing and infrastructure to Aboriginal and Torres Strait Islander communities has placed an increased level of accountability on private sector program and project managers to deliver the large housing and infrastructure projects for which they are funded.

**3.76** The ANAO review of selected projects indicated that the strategy and extensive and rigorous contractual framework for delivering large housing and infrastructure projects was effective, particularly in meeting the expectations of Aboriginal and Torres Strait Islander communities and other stakeholders. Early indications are that ATSIC's greater reliance on the private sector is becoming accepted as a means of delivering construction services to remote Aboriginal and Torres Strait Islander communities.

**3.77** ATSIC has established effective working relationships with stakeholders in the Northern Territory and Western Australia. In addition, it was clear that the strategy of delivering major infrastructure and housing projects through NAHS has assisted in providing a sound focus for the development of these effective working relationships. As a result of these effective working relationships ATSIC has created a cooperative environment where Northern Territory and Western Australian agencies have agreed to maintain NAHS infrastructure in completed projects. However, monitoring of the level of continuing maintenance by relevant agencies will be necessary to assess the success of those arrangements.

**3.78** To identify better practice and maximise program effectiveness and efficiency ATSIC should benchmark its program management arrangements. In addition, ATSIC's policy and program development will be better informed by analysis of national, state and territory level data on project funding from sources other than NAHS. ATSIC's recently initiated review of the stages in its project approval process is timely to reduce the number of variations to project contracts.

## 4. Employment and Training

---

*This Chapter comments on ATSIC's approach to maximise employment and training opportunities for Indigenous Communities on NAHS projects.*

### The role of employment and training in NAHS projects

**4.1** ATSIC has recognised that, in delivering infrastructure and housing projects, there is also scope to achieve other valuable results for communities and individuals through providing employment and training opportunities. For that reason, an ATSIC strategy for achieving its program objective is to foster involvement of Aboriginal and Torres Strait Islander peoples in construction and maintenance of capital works<sup>11</sup>. The performance indicator is the extent of employment and training provided for Indigenous people in construction and maintenance of housing and infrastructure. It is important to note that the employment and training of Indigenous Australians is a strategy to achieve the program's construction objectives, rather than a program goal. Notwithstanding, some attention is given here to employment and training issues because these issues were raised by three of the six Indigenous communities visited during audit fieldwork.

**4.2** For ATSIC, there can be a trade-off between rapid construction of housing and infrastructure, and the longer time necessary to train community members in construction and maintenance skills. Some communities give a higher priority to rapid construction, while others place greater weight on skills development and medium term development.

**4.3** ATSIC has identified advantages of providing employment and training opportunities to communities. These include that community members:

- develop skills to assist them in maintaining infrastructure and housing, thus protecting the Commonwealth's investment in capital assets in the community;
- have more access to primary and secondary labour markets; and
- develop pride and fulfilment through the work they have completed on projects.

---

<sup>11</sup> ATSIC, 1998, *Portfolio Budget Statements 1998-99*, Budget Related Paper No. 1.13C, ATSIC, Canberra., page 50.

## NAHS targets for employment and training

**4.4** ATSIC identifies the following achievements for employment and training on NAHS/HIPP projects implemented during the period 1995-96 to 1997-98 in its latest annual report<sup>12</sup>:

- almost 19 000 person days of employment;
- approximately 16 000 person days of training; and
- assistance through the Department of Employment, Workplace Relations and Small Business (DEWRSB) for apprenticeships and traineeships on 10 projects.

**4.5** It is not possible for the ANAO to interpret whether 19 000 days of employment and 16 000 days of training are program successes or otherwise in the absence of a comparison with established targets. ATSIC considers that the 35 000 person days for employment and training is an advance on what was achieved prior to the implementation of the NAHS program management arrangements. The ANAO found that ATSIC had not established targets for employment and training against which comparison of achievements could be made.

**4.6** Program managers include in their reports to ATSIC details of Indigenous employment and training for NAHS projects. These reports vary in their content. Some report employment and training days or hours, while others report on the number of persons employed or trained. This variation in project reporting is a constraint on ATSIC's ability to identify trends in Indigenous employment and training in NAHS projects, and it may limit policy development and advice. A consequence is that ATSIC has limited information with which to set a target for its performance in this area against which to report.

**4.7** For 1999-2000 and beyond, ATSIC will use accrual budgeting as a framework for analysis and reporting of its employment and training achievements. This will require ATSIC to consider whether, for instance, training days are program outputs or intermediate outputs on the way towards the award of training qualifications for program participants. It will also require ATSIC to collect time series data on employment and training.

## Recommendation No.3

4.8 The ANAO recommends that ATSIC set an appropriate performance target or targets for NAHS employment and training outcomes to assist it in its monitoring and evaluation of performance and management of the program.

### *ATSIC Response*

4.9 Agreed.

## Involvement of other agencies in employment and training on NAHS projects

4.10 The scope of the audit did not include a detailed review of ATSIC's identification of employment and training opportunities for NAHS projects and subsequent coordination of agency support during projects. As a result of issues raised during site visits, the ANAO followed-up at a macro level the involvement of other agencies in the employment and training aspects of NAHS projects.

4.11 The main sources of finance for the employment and training of Indigenous Australians on NAHS projects include:

- a wages component of NAHS project funding;
- ATSIC's Community Development Employment Program (CDEP) used to top-up participants' wages;
- the Commonwealth Department of Employment, Workplace Relations and Small Business for wage subsidies and some mentoring costs; and
- state/territory government agencies for the costs of providing training.

4.12 ANAO fieldwork indicated that of those sources CDEP is an important source of funding. However, ATSIC does not collect data that identifies the extent of this funding by project, and which would allow it to review CDEP support across NAHS projects. Details of other agency support for employment and training is included in NAHS project reports prepared by contracted program managers. The ANAO also found that ATSIC does not collate and analyse this information in order to identify and review the level of other agency support for employment and training on NAHS projects. The identification of available funding would assist ATSIC to target areas of highest priority for employment and training support.

<sup>12</sup> ATSIC 1998, *Annual Report 1997-98*, ATSIC, Canberra, page.111.

## Recommendation No.4

**4.13** The ANAO recommends that ATSIC collect and analyse project data on the financing of employment and training, and review, at the state/territory and national levels, ATSIC's and other agencies' financing of employment and training in NAHS projects to better target areas of highest priority.

### *ATSIC Response*

**4.14** Agreed.

## Contribution of DEWRB to NAHS employment and training

**4.15** NAHS is primarily a capital construction program while DEWRB principally addresses the need for permanent employment through its employment strategies funding. Therefore, for both ATSIC and DEWRB, the creation of opportunities for employment and training on individual projects is not the first priority. DEWRB provide training support for NAHS projects as part of its implementation of employment strategies with a view that participants will increase their opportunities for longer-term employment. ATSIC shares this view, particularly in relation to the maintenance of housing and infrastructure implemented under NAHS.

**4.16** The former DEETYA and then ATSIC funded the Community Training Program (CTP) which was a source of funding for training in schemes such as NAHS. When the CTP was abolished in 1996, there was no ATSIC program remaining to fund NAHS training, other than from CDEP, which has an employment rather than a training focus.

**4.17** DEWRB advised the ANAO that it had supported structured entry level training for Indigenous people on ATSIC's NAHS/HIPP projects through the Training for Aboriginals and Torres Strait Islanders Program (TAP). Initially the bulk of the assistance was provided through the Direct Assistance element of TAP, which was delivered through the Commonwealth Employment Service (CES). This support was generally limited to wage subsidies of up to 50 per cent plus some mentoring assistance. Contributions to these projects had also come from ATSIC's CDEP program participant allowances and the labour component from the project itself. DEWRB did not normally pay for participants' training since this was a state government responsibility. The Direct Assistance element of TAP was no longer available when the CES was abolished in May 1998.

**4.18** With the abolition of the Direct Assistance element of TAP, assistance is now provided through the Employment Strategies element, a much smaller program than Direct Assistance. With the reduction in available funding from DEWRSB, the ANAO considers that ATSIC will need to look more broadly at funding from other agencies to ensure that the employment and training of Aboriginal and Torres Strait Islander peoples under NAHS is maximised. The ANAO noted that the Australian National Training Authority (ANTA), is the major coordinator of a national approach to many aspects of training. ANTA includes representation from all state and territory governments. ATSIC indicated that its planning processes for the next round of NAHS projects for 2000-01 to 2002-03 will involve early contact with ANTA to address, at the national level, the training needs of NAHS participants.

**4.19** DEWRSB advised that it is not desirable from its point of view to provide more assistance for NAHS/HIPP projects than it would normally provide to place an Indigenous person in a permanent job elsewhere. It considers that \$8000 to \$10 000 per trainee is a considerable contribution to training and employment on a project, but that some flexibility is available. DEWRSB's preference is to ensure that the maximum number of their jobs for Indigenous job seekers is obtained from the program's annual budget of \$25 million, where the primary focus is on private sector permanent employment. Annual support by DEWRSB for NAHS projects is estimated to be \$2.5 million or 10 per cent of the program's budget for Indigenous job seekers..

**4.20** The ANAO identified that the possibilities for employment and training support by DEWRSB for NAHS/HIPP projects include:

- apprenticeships of 3 to 4 years in duration;
- one year traineeships that could be used to work towards an apprenticeship;
- modules of a traineeship that could be accumulated for accreditation of a traineeship; and
- civil works training where accreditation could be achieved for learning to operate equipment, ie., licences.

**4.21** While prospects for permanent employment are somewhat limited on NAHS/HIPP projects, DEWRSB provides support on the basis that there are few other opportunities for employment in remote areas. Funds are limited and priority is given to providing assistance linked to accredited training for traineeships or apprenticeships.

**4.22** The approval delegation for the funding of projects under the Employment Strategies element of TAP rests with DEWRSB's state

managers. Each year state managers submit a budget for expenditure on Employment Strategies which includes support for NAHS/HIPP projects. In addition, DEWRSB regularly meets ATSIC and there are agreements at state and national level to facilitate assistance to NAHS/HIPP projects. A national project officer is also responsible for monitoring the progress of DEWRSB support.

## **Funding and support for employment and training on NAHS projects**

**4.23** DEWRSB provided details of the level of support it had provided to NAHS/HIPP projects by state/territory. This information is summarised in Table 4.1.

**Table 4.1**

**DEWRSB Support for ATSIC HIPP Projects 1995-96 to 1997-98**

<i>State/Territory</i>	<i>Number of Projects</i>	<i>Training Outcomes</i>	<i>Estimated Cost (\$)</i>
Northern Territory	6 of 16	84 trainees (2 mentors)	1 376 305
Western Australia	3 of 14	41 trainees	359 494
Queensland	1 of 7	10 trainees	175 000
New South Wales	2 of 3	25 apprentices (in progress) 5 trainees	600 000
Tasmania/Victoria	1 of 1	14 trainees (26 weeks)	N/A
South Australia	1 of 3	N/A	N/A
Total	14 of 44	25 apprentices 154 trainees (2 mentors)	\$2 510 799

**4.24** The above Table included DEWRSB financial support for all NAHS/HIPP projects since its inception. The ANAO did not sight evidence of ATSIC's knowledge of DEWRSB annual financial support for Indigenous employment and training in NAHS projects at the national level.

**4.25** DEWRSB provided the ANAO with examples of larger NAHS projects (where groups of 10 or more trainees were employed), which enabled the Department and other funding sources to contribute substantial support to the employment and training component of projects. Details of one example are in Table 4.2 and in the following paragraphs:



**Table 4.2****DEWRSB and other agency support for NAHS project at Dareton**

<i>Support</i> \$	<i>DEWRSB</i> \$	<i>ATSIC CDEP Wages</i>	<i>NAHS/ HIPP Funding</i>	<i>OTFE (Vic)<sup>1</sup></i> \$	<i>NSW Govt<sup>2</sup></i> \$	<i>Total</i> \$
Apprentices' Wages	515,000	390,000	397,000			1,302,000
Incentives	62,500					62,500
Bridging Courses	60,000					60,000
Training Costs				223,760	248,965	472,725
<b>Total</b>	<b>637,500</b>	<b>390,000</b>	<b>397,000</b>	<b>223,760</b>	<b>248,965</b>	<b>1,897,225</b>

1. OTFE is the Victorian Office of Training and Further Education.

2. The NSW Government contribution is provided by the Department of Training, Education and Coordination, and by NSW TAFE.

**Cherbourg NAHS project**

**4.26** The DEWRSB contract has been in place for some 18 months, for completion in mid July 2001. DEWRSB is providing funding support of \$1.415 million for the project over four years; with \$520 000 paid at the time of the audit. The employment target is 53, with 36 people currently employed. The contract plans to target higher apprentice and trainee numbers. Occupations include construction and building, glazing, civil operations and landcare.

**Bathurst Island Housing Association (BIHA)**

**4.27** Training linked to the BIHA NAHS/HIPP project has been in place for some eighteen months. The BIHA is the principal contractor for the NAHS/HIPP project. There are two indigenous teams working on the construction with the trainees forming one team. All trainees are signed on as apprentices in carpentry and joinery. They are now in their second year, six apprentices of the original seven are employed. The DEWRSB contribution to the project is \$260 000 over 3 years. ATSIC' CDEP is also financing the project.

**Audit findings**

**4.28** The ANAO recognises that there is some conflict between the DEWRSB preference for longer term employment and training opportunities that would facilitate an apprenticeship or traineeship, and the shorter construction time frames available in NAHS/HIPP projects in a number of communities.

**4.29** The ANAO found that prioritising of NAHS projects for DEWRBSB funding had been addressed in DEWRBSB at state/territory levels, but not at the national level. Taking account of DEWRBSB's limited funding for supporting NAHS projects and ATSIC's preference to increase employment and training opportunities, the ANAO considered there was a need for ATSIC to agree with DEWRBSB, at the Central Office level, on the funding available and the likely priorities for project funding each year. Such agreement would serve to ensure that ATSIC had realistic expectations of Departmental support. Similarly, at a broader level, the ANAO considers that such discussion and agreement should occur between ATSIC and other Commonwealth and state/territory agencies involved in funding and delivering training.

**4.30** The ANAO recognises that the opportunities for employment and training for communities on NAHS projects are not always apparent during project planning. However, a central focus on available funding and potential projects is an appropriate starting point for addressing cooperative effort. There is a new opportunity to improve planning for employment and training in NAHS projects with the next round of NAHS funding to commence in 2000-2001. ATSIC and DEWRBSB have agreed to co-operate in this task.

## **Recommendation No.5**

**4.31** The ANAO recommends that ATSIC, in its negotiations with other Commonwealth and state/territory agencies for the Year 2000-2003 round of new NAHS projects, identify and agree with those agencies, at the national level, a sound basis for funding and cooperative effort for Indigenous employment and training.

### ***ATSIC Response***

**4.32** Agreed.

### ***DEWRBSB Response***

**4.33** Agreed. The Department supports this recommendation, and has met with ATSIC to discuss possible departmental support for the 2000-2003 round of NAHS funding. Arrangements have been made for these meetings to occur on a regular basis.

**4.34** Discussions with stakeholders and Aboriginal communities in the NT confirmed the commitment of DEWRBSB Central and the NT State Office to NAHS/HIPP and the good working relationships that had resulted. The ANAO noted that the NT DEWRBSB State Office had requested to be included on an Inter-Agency Forum, which facilitated closer working relationships with stakeholders. DEWRBSB membership

of the Forum provided the opportunity for ATSIC to brief the Department on employment and training arrangements on NAHS projects.

**4.35** The ANAO found, during visits to selected projects and after discussion with communities, that employment and training is an area of concern to project managers and community members. Particular reference was made to:

- project managers and communities not having an understanding of the roles of DEWRSB, state/territory departments of education and training, providers such as TAFEs, nor the processes to be followed, especially regarding the order of contact. Indications were that all stakeholders needed a better appreciation of the operating environment of each agency involved in the provision of employment and training programs, in order to better understand how best to coordinate efforts;
- project managers and communities not having a full understanding of DEWRSB operating framework, especially with what seemed to be continual changes to available options and requirements. Some comment was made that discussion with Departmental Regional Office staff had lead project managers/communities to believe that the process of sponsoring Indigenous employment and training was easier than it turned out to be; and
- communities having expectations that could not be met by DEWRSB. The Department had a focus on training and employment outcomes for individual trainees, whereas a community may have sought to provide employment and training opportunities to as many individuals as possible, as well as maintaining a level of funding to a project.

**4.36** ANAO discussions with DEWRSB officers in the NT State Office and Central Office indicated that the Department had focused its efforts at those levels to establish good working relationships with stakeholders involved with NAHS/HIPP projects. However, DEWRSB officers acknowledged that more needed to be done at the Departmental regional office level to facilitate working relations for NAHS/HIPP projects.

**4.37** The ANAO found that liaison at the Central Office and State level (in the NT) enabled DEWRSB to identify new projects that would be suitable for employment and training support. However, community comment to the ANAO during visits to projects suggested that community members felt that not all the possible employment and training options had been assessed. DEWRSB emphasised that financial support for NAHS projects was limited, and the ANAO considered that this needed to be communicated clearly by ATSIC to project managers and communities to appropriately manage expectations.

**4.38** The ANAO identified that changes to programs within DEWRSB, and more recently the changes to Administrative Arrangements, placed a greater focus on the need for ATSIC and DEWRSB to brief program and project managers on the options and support available through which employment and training opportunities should be explored. ATSIC's information kits for project managers produced from program workshops are useful references, as long as they are revised regularly following changes to programs or funding eligibility criteria.

**4.39** The ANAO considers that the variety of factors affecting the employment and training opportunities for NAHS projects necessitates the development of a project employment and training plan agreed by stakeholders. Such a plan should be prepared during project planning following agreement between ATSIC and DEWRSB and other funding agencies of priority projects for employment and training support. The plan should ensure that all stakeholders have a clear understanding of each other's role and the necessary steps involved in achieving the desired employment and training outcomes.

**4.40** The ANAO found that training and employment is one aspect addressed in design reports prepared by project managers during project planning. ANAO noted that for earlier NAHS projects, limited discussion with DEWRSB staff had occurred and the design reports identified broad steps to be undertaken to address employment and training opportunities. Recent project design reports indicated that more detailed discussion with DEWRSB staff had taken place and arrangements, including funding, had been agreed earlier in project planning than previously.

**4.41** The ANAO considers that such increased attention to employment and training opportunities early in the NAHS project planning addresses areas for improved cooperation between project managers, communities and DEWRSB identified during the audit. In addition, the ANAO considers that a broader focus by ATSIC on all funding agencies and agreement by them to employment and training arrangements for each relevant NAHS project would more fully address the need for all stakeholders to have a better understanding of each other's role.

## **Recommendation No.6**

**4.42** The ANAO recommends that ATSIC, for projects which have identified employment and training opportunities, include in its project management arrangements the preparation of a project employment and training plan, agreed with all relevant funding agencies.

***ATSIC Response***

**4.43** Agreed with qualification. In the event that agreement on employment and training by all relevant funding agencies could not be reached at an appropriate stage, ATSIC would continue to seek agreement but would not delay the project until this is achieved.

**4.44** ATSIC is considering changes to NAHS project planning and scoping processes for 2000-2003 which may provide greater lead-time to achieve secure funding agreements on training inputs.

**4.45** As well as addressing employment and training opportunities during construction of NAHS projects, ATSIC has identified areas important to sustain the impact of NAHS projects where it will pursue employment and training prospects. These areas relate to functions performed by environmental health workers and housing officers in Indigenous Communities. ATSIC is addressing with other agencies, including state and territory government bodies, options for funding employment and training in these two occupations once the construction phase is completed. ATSIC plans to address broader aspects of training support for NAHS projects at the national level with the Australian National Training Authority (ANTA). ANTA is the major co-ordinator of a national approach to many aspects of training and includes representation from all state and territory governments.

**Conclusion**

**4.46** The NAHS contracted program management arrangements place emphasis on employment and training opportunities at the project, state/territory and national levels. There are indications that such emphasis has resulted in increased employment and training opportunities on NAHS projects than previously when projects were managed by ATSIC regional offices. However, ATSIC does not have management information to demonstrate the achievements of the current arrangements.

**4.47** ATSIC should set appropriate targets for employment and training on NAHS projects in order to assess its achievements in maximising employment and training opportunities in Indigenous Communities where NAHS projects are implemented. While employment and training aspects of some NAHS projects receive funding support from other Commonwealth and state/territory programs, ATSIC should summarise and review project information on the source and level of funding for employment and training at the state/territory and national levels. ATSIC also should share information with other relevant agencies on its national employment and training priorities and identify the extent of available funding to support these priorities.

**4.48** NAHS project management arrangements should give greater weight to agreement during project planning by all relevant stakeholders of employment and training to be undertaken as part of project implementation.

## 5. Performance Information

---

*This Chapter reviews the adequacy of NAHS performance information and ATSIC's review and evaluation of NAHS performance.*

### CHIP and NAHS objectives

**5.1** A program has strong internal accountability when its managers receive valid and reliable data on the program's performance and where they use those data to improve the program. A program has strong external accountability when its managers report to Parliament and to other stakeholders sound data on the program's performance against its objectives. Strong internal accountability is the basis for program managers' demonstration of their external accountability.

**5.2** Program objectives for CHIP for 1997-98 were stated in ATSIC's 1997-98 Annual Report as:

"Recognising that State, Territory and local governments have the prime responsibility for providing public and community housing and essential infrastructure to Aboriginal and Torres Strait Islander residents in need of assistance, to:

- use supplementary funding to respond effectively to areas of greatest need;
- reduce levels of homelessness, overcrowding, and after-housing poverty among Aboriginal and Torres Strait Islander people;
- reduce rates of morbidity linked to inadequate housing and infrastructure;
- enhance the contribution that Aboriginal and Torres Strait Islander community-owned housing makes to community economic and social well being;
- enhance the role of the Indigenous community housing sector in the provision of social housing for Aboriginal and Torres Strait Islander people nationally; and
- achieve equitable access of Aboriginal and Torres Strait Islander people to housing, associated infrastructure and essential services consistent with, and appropriate to their expressed needs."

**5.3** ATSIC's 1997-98 Annual Report identifies the following multiple and ambitious objectives for NAHS

"The Commission aims, through the NAHS component, to;

- target large environmental health projects which would be difficult to fund through Regional Council allocations;
- improve environmental health in Indigenous Communities by upgrading or providing new, sustainable infrastructure and priority housing;
- target funding to those communities where greatest need exists;
- increase commitment from state, territory and local governments for infrastructure projects to improve environmental health conditions in Indigenous Communities; and
- properly plan large scale projects including assurance of future sustainability of improvements in recognition of the lead times required.”

## **Project monitoring**

**5.4** Under NAHS program management arrangements, ATSIC contracts private sector expertise, including to monitor, review and report on NAHS projects. These contracted state program managers are required under their contracts with ATSIC to

- monitor individual projects and project manager performance;
- provide bi-monthly project status reports to ATSIC;
- provide annual overview reports to ATSIC on all projects for which they had responsibility; and
- provide project completion reports to ATSIC.

ATSIC staff also visit NAHS projects to monitor progress against project timetables and discuss emerging project implementation issues with project and program managers and communities.

## **Bi-monthly status reports**

**5.5** The bi-monthly status reports submitted by CSPMs provide ATSIC with a brief overview of each project, particularly of construction details. The reports also includes details of other agencies support and Indigenous employment and training.

## **Annual overview reports**

**5.6** These reports provide a summary of achievements in the major areas of interest, including:

- employment and training;
- cooperation with state/territory government agencies; and
- health status assessment.



**5.7** The overall summary was useful as a consolidated report on the progress of projects. The employment and training details in these annual overview reports provide ATSIC with data on the type of training and employment opportunities created in individual projects, and information on the number of days of employment and/or training each project provided to community members.

**5.8** The annual overview report also provides information on interagency co-operation that operate in specific states. This section also details individual project achievements in attracting funding from other sources. The information is particularly useful, as it allows ATSIC to assess the success of program managers in gaining support for projects from other agencies.

**5.9** Reporting on health status assessments has provided ATSIC with details of state/territory government health agency monitoring of health outcomes for Indigenous Communities where there are NAHS/HIPP projects.

### **Project completion reports**

**5.10** The community is required to indicate in the final report, submitted by the program manager, its level of satisfaction with the project management and construction contractors during the course of the project, and to affirm, if that is the case, that the report provides a fair record of the project's achievements.

**5.11** At the time of the audit, ATSIC had received six final reports and advised that the information would be collated into a report for senior management. The ANAO considers that ATSIC's review and analysis of the reports for completed projects will form an important part of the assessment of the performance of the NAHS component of the CHIP program. An element of such analysis should be to identify lessons learned during the life of each project so that they can be considered in the implementation of current and future projects.

### **Program evaluation**

**5.12** The performance of NAHS contracted program managers, will be reviewed by ATSIC state offices prior to the program managers' contracts expiring in June 2000.

**5.13** In addition, ATSIC has completed:

- an initial limited review of NAHS/HIPP Contracted Program Management arrangements in April 1996; and
- an evaluation of NAHS/HIPP Round One Projects by ATSIC's Office of Evaluation and Audit (OEA) in 1997-98.

**5.14** The 1996 review concluded that ATSIC central and state offices, and on balance regional offices, regional councils and Indigenous Communities were satisfied with the HIPP program management arrangements. A more comprehensive evaluation of the achievements of the strategy and the national program manager's performance was planned for commencement in May 1997. The conduct of the OEA evaluation and this ANAO audit have resulted in the deferment of this ATSIC review until after the findings have been considered and action taken.

## **1997-98 program reporting**

**5.15** In reporting on the performance of the NAHS component of CHIP for 1997-98 the ATSIC Annual Report included information on:

- the location of projects across Australia;
- the total number of projects approved for NAHS/HIPP and for NAHS in each State and Territory;
- the progress of projects, in terms of projects completed and the stage reached by others; and
- descriptions of how NAHS assisted seven selected communities in 1997-98.

**5.16** Further details were provided regarding:

- the estimated total cost of all projects on completion;
- the housing and infrastructure achievements to the end of June 1998; and
- the level of employment and training provided for Indigenous community members in construction work to the end of June 1998.

**5.17** With cost information only reported as an estimate for the total number of projects to be completed, no detail was reported of the cost for each category of housing and infrastructure. ATSIC has commissioned some recent studies of operations and maintenance costs, which can assist in development of output cost information<sup>13</sup>. The very limited availability of data on the costs of Indigenous housing and infrastructure leads to stakeholders not being well-informed. NAHS projects tend to be in rural and remote areas where housing costs will tend to be higher than in other places. The ANAO considers that NAHS reporting can be improved with the inclusion of such output cost information. Production of data on those unit costs will assist ATSIC to estimate the cost/benefit ratio for

---

<sup>13</sup> ATSIC 1998, *Operating and Maintenance Cost Estimates Study for Discrete Indigenous Communities Within Australia*, prepared by Ove Arup & Partners, ATSIC, n.p.

projects and provide a better demonstration of ATSIC's accountability for the sizeable allocation for this program.

**5.18** The extent of reporting on NAHS projects by state/territory differs between jurisdictions. Varying emphasis is placed on reporting the nature and progress of projects, details of the housing and infrastructure completed, employment and training provided for community members and involvement of other government agencies. The ANAO recognises that most NAHS projects are in various stages of progress and that for 1997-98 there was limited information available to report on outputs, including cost by category of housing and infrastructure. The ANAO considers that more detailed output and cost information should be reported in future to ensure that NAHS reporting is more obviously complying with the Government's accrual budgeting expectations.

## Recommendation No.7

**5.19** The ANAO recommends that ATSIC estimate the costs of NAHS outputs, consistent with the requirements of accrual budgeting, to assist in more efficient and effective resource use.

### *ATSIC Response*

**5.20** Agreed. ATSIC has consistently reported the output cost of housing from the Regional Council element of the CHIP program in its Annual Report. There has been a reluctance previously to provide output costing of infrastructure items such as sewerage systems since the output cost in anyone year is contingent on the size and complexity of the sewerage systems being undertaken and direct comparisons from year to year are perceived as having limited value. Also, as most projects span 2-3 years it has been difficult costing outputs to any one year. However ATSIC will report specifically on output costing of housing and infrastructure under NAHS in the future.

**5.21** ATSIC will, like all other agencies, embrace the Commonwealth's Accrual Budgeting and Output Costing initiatives.

## Performance indicators for 1998-99

**5.22** In August 1997, ATSIC and the former Department of Finance reviewed ATSIC's performance information<sup>14</sup>. Since that review, ATSIC has revised NAHS performance indicators. ATSIC included the revised

<sup>14</sup> Department of Finance, Program Management and Central Agencies Branch 1997, *Performance Information Review : the Joint Report of the Aboriginal and Torres Strait Islander Commission and the Department of Finance*, Dept. of Finance, Canberra.

performance indicators in its 1998-99 Program Statements as the basis against which it will report the program's performance for 1998-99. The indicators are:

- environmental health impacts of capital construction and upgrade;
- extent of provision of adequate and appropriate housing and related infrastructure to Aboriginal and Torres Strait Islander communities;
- effectiveness of project coordination with state, territory and local governments;
- improved servicing and asset management arrangements by relevant Aboriginal and Torres Strait Islander organisations; and
- extent of employment and training provided for indigenous people in construction and maintenance of housing and infrastructure.

**5.23** The ANAO considers that these indicators address the relevant broad areas of interest in reporting performance namely, health outcomes, housing and infrastructure outputs, support from other levels of government, sustainability of housing and infrastructure, and employment and training in Indigenous Communities.

**5.24** Performance indicators that the ANAO considers will provide an initial measurement challenge are those for environmental health impacts, effectiveness of project coordination, and improved servicing and asset management arrangements. For example, in relation to environmental health impacts, the ANAO found that, while anecdotal evidence indicated that individual projects have contributed to improved health, this will be difficult to measure in terms of both qualitative and quantitative analysis for a number of reasons including:

- the lack of reliable, comprehensive data on health conditions in Indigenous Communities;
- the long term nature of the desired outcome of improved health standards and the potential time lag between the timing of projects and when health improvements appear;
- that NAHS projects are supplementary to other programs, and as such it is difficult to distinguish between what improvements in health are attributable to NAHS projects and what improvements may be attributable to other agencies' programs;
- that NAHS projects alone cannot improve health levels, improvements in health behaviour by Indigenous Communities is also crucial to the achievement of improved environmental health levels; and
- ATSIC is reliant on other state/territory health agencies to collect relevant health data which may indicate improvements due to changes in the conditions of Indigenous Communities.

**5.25** The ANAO identified that ATSIC's development of good working relationships with stakeholders in Northern Territory and Western Australia resulted in state/territory health agencies in those jurisdictions evaluating health outcomes in a small number of communities with NAHS/HIPP projects. Therefore, in reporting against the health impacts performance indicator, ATSIC will need to identify clearly that initial reporting is on the basis of selected Indigenous Communities rather than a broader state/territory or national perspective due to the limiting factors referred to above.

**5.26** The ANAO did not review the working arrangements with stakeholders in states and territories other than the Northern Territory and Western Australia. To enable ATSIC to identify and measure performance outcomes, it will need to establish cooperative arrangements with health agencies in all states to establish a framework that provides the necessary performance information. The ANAO emphasises the need for ATSIC to analyse project information on the support for NAHS projects from other government agencies at the state/territory and national levels as part of the assessment of performance in this area.

**5.27** ATSIC's relationship with the Department, under a Memorandum of Understanding, helps facilitate liaison on a range of issues (including the collection and reporting on Indigenous health data). This relationship is emphasised by ATSIC's involvement as a stakeholder in Agreements on Aboriginal and Torres Strait Islander Health established in each state/territory.

## Conclusion

**5.28** Overall, ATSIC's analysis and reporting of performance information for NAHS for 1997-98 was not adequate. It needs to develop appropriate targets; output and outcome measures; and measures for support by other levels of government. Earlier in this report, the ANAO identified that ATSIC should set an appropriate target or targets for employment and training on NAHS projects. ATSIC analyses reports from contracted program managers at the project level, but also should be using this information to assess NAHS projects' achievements at the state/territory and national levels.

**5.29** In order to explain how well projects were being delivered, ATSIC has reviewed its NAHS performance indicators and revised them in light of the more recent emphasis on outcomes and outputs. Several performance indicators for 1998-99 will provide challenges for ATSIC, particularly in relation to their measurement. A major gap is the development of output cost measures. The other major areas for

development includes time series data on the contributions of other levels of government to infrastructure projects in Indigenous Communities, and, in particular, the difficult field of measurement of health outcomes. These measurement difficulties would also impact directly on the nature and extent of any assessment of outputs and outcomes actually achieved.

**5.30** ATSIC has addressed the need for review and evaluation of the NAHS strategy for delivery of housing and infrastructure to Indigenous Communities, including contracted program management arrangements. As part of the review and evaluation of NAHS, ATSIC should consider specifying its criteria for success in achieving its goal of supplementing the expenditure of other levels of government, and to report progress against that objective. ATSIC is still to conduct a comprehensive review of the achievements of the strategy for delivery of major housing and infrastructure to Indigenous Communities, including the performance of the contracted program managers.

---

A handwritten signature in black ink, appearing to read 'P. J. Barrett', is positioned above the printed name and title.

Canberra ACT  
10 May 1999

P. J. Barrett  
Auditor-General

# **Appendices**





## Appendix 1

### NAHS program funds, distributed by ATSIC to projects, by state/territory 1995-96 to 1999-2000 (1)

	NSW	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Total Funds
Distributed 1995-96 to 1997-98	\$	\$	\$	\$	\$	\$	\$	\$
Water	110 000	205 000	3 656 086	6 153 900	10 426 087	420 000	2 672 915	23 643 988
Power	0	127 500	854 400	544 000	2 446 670	475 000	3 012 310	7 459 880
Roads	540 000	0	787 000	1 387 850	3 825 434	0	3 035 525	9 575 809
Sewerage	35 000	460 000	1 182 899	2 045 000	12 768 491	125 000	20 458 810	37 075 200
Other Infrastructure	0	105 000	261 000	2 269 100	2 343 909	104 125	366 750	5 449 884
<b>Total Infrastructure</b>	<b>685 000</b>	<b>897 500</b>	<b>6 741 385</b>	<b>12 399 850</b>	<b>31 810 591</b>	<b>1 124 125</b>	<b>29 546 310</b>	<b>83 204 761</b>
Housing Construction	10 593 865	1 322 500	10 613 380	2 790 520	20 694 128	320 000	30 494 501	76 828 894
Site Services	0	0	640 790	0	405 000	0	50 000	1 095 790
Housing Renovations	1 539 700	0	2 841 000	0	2 733 149	0	6 220 475	13 334 324
<b>Total Housing</b>	<b>12 133 565</b>	<b>1 322 500</b>	<b>14 095 170</b>	<b>2 790 520</b>	<b>23 832 277</b>	<b>320 000</b>	<b>36 764 976</b>	<b>91 259 008</b>
Project Fees	426 135	0	1 098 830	1 116 130	4 901 712	125 000	3 324 464	10 992 271
<b>Total Funds Distributed 1995-96 to 1997-98</b>	<b>13 244 700</b>	<b>2 220 000</b>	<b>21 935 385</b>	<b>16 306 500</b>	<b>60 544 580</b>	<b>1 569 125</b>	<b>69 635 750</b>	<b>185 456 040</b>
<b>For Distribution 1998-99 to 1999-2000</b>	<b>23 757 300</b>	<b>2 890 000</b>	<b>38 670 615</b>	<b>8 305 000</b>	<b>27 743 479</b>	<b>665 875</b>	<b>70 881 000</b>	<b>172 913 269</b>
<b>Total Program Budget</b>	<b>\$37 002 000</b>	<b>\$5 110 000</b>	<b>\$60 606 000</b>	<b>\$24 611 500</b>	<b>\$88 288 059</b>	<b>\$2 235 000</b>	<b>\$140 516 750</b>	<b>\$358 369 309</b>

Note: The Total Program Budget figure above of \$358 369 309 equates to the total of funds allocated by ATSIC for 1995-96 to 1999-2000 in paragraph 1.21 which totals \$358 million.)

## Appendix 2

### Contractual requirements for the Contracted State Program Managers

Each Contracted State Program Manager is responsible for:

- consultation and communication with:
  - ATSIC - at Central, State and Regional Office level;
  - Project Managers;
  - Aboriginal and Torres Strait Islander communities and Regional Councils; and
  - Inter-Agency Forums.
- Project Identification to:
  - prepare a preliminary assessment of project proposals including those referred by the ATSIC Project Officer using a desk review, to include an assessment of each individual project as to its suitability for inclusion in the NAHS program and a comparative assessment of projects which include recommendations and the basis for each;
  - identify where site visits are required;
  - conduct on-site visits to communities to assess:
    - status of current infrastructure facilities;
    - how the project contributes to program objectives of improving environmental health;
    - if need exists for additional environmental health infrastructure requirements;
    - suitability of proposed design and technology;
    - how the project fits in with Regional or community plans;
    - community health impacts of the project;
    - the degree of technical knowledge required by the community to sustain the project;
    - how such expertise can be obtained;
    - future maintenance requirements;
    - contractual requirements to implement the project;
    - possible Aboriginal and Torres Strait Islander employment and training;
    - proposed delivery dates; and
    - scope of the project and cost estimates over three years.

- Program Planning:
  - maintain a database of projects;
  - from time to time update the three year rolling plan for projects; and
  - data base to include cash flow projections, the total for each year and the expected critical dates for the physical delivery of each project.
- Project Development:
  - assist Aboriginal and Torres Strait Islander communities;
  - maintain a register of Project Managers;
  - develop of review project management briefs;
  - confirm community's appropriate interest in the land;
  - consult with communities re. level of employment and training opportunities and interest by the community;
  - ensure that there is a strategy in place for future maintenance of infrastructure; and
  - assist in negotiations with Local and State/Territory agencies on coordinating effort for funding.
- Monitoring of Projects:
  - oversee the management of all projects for quality, cost, timeliness and community satisfaction;
  - monitor performance of Project Managers;
  - carry out on-site visits, which includes eight visits plus any special visits;
  - develop a system for monitoring and maintaining information on projects;
  - check that Project Managers have a quality assurance system in accordance with Australian Standards;
  - monitor Project Managers' adherence to predetermined project objectives, performance targets and tendered price;
  - assist the communities to pursue remedial actions against non-performance;
  - facilitate employment and training;
  - ensure that appropriate technology is provided. Advice can be sought from the Centre for Appropriate Technology which is head officed in Alice Springs and another office in Cairns, on the appropriateness of using different types of technology; and

- provide ad hoc advice in response to the Project Officer's requests.
- Financial Management to:
  - be responsible for the financial management of, and report to the Project Officer on each project until completion;
  - ensure ATSIC payments into Trust Account based on three monthly cash flow projections by the CSPM;
  - authorise variations up to 10 per cent between budget items with advice to ATSIC. Variations over 10 per cent of each budget item advised in writing from the Project Manager;
  - see CSPM makes payments from the Trust Account following authorisation by the Grantee (the community);
  - ensure records of transactions in the Trust Account are made available for perusal upon request by ATSIC;
  - CSPM not to make final payment until:
    - CSPM and Grantee (the community) are satisfied that the project has been completed in accordance with required specifications and standards; and
    - Grantee (the community) has approved final payment.
- Disagreement within Program. Should there be a dispute between the CSPM and the Grantee (the community) on any project aspect the CSPM must, within 14 days, refer the matter to the Project Officer for resolution.

## Appendix 3

### Reporting requirements for the Contracted State Program Managers

The following written reports and data are required to be prepared and submitted to ATSIC by the CSPM:

- a preliminary assessment report on each project;
- a preliminary comparative assessment report on each project based on a desk audit;
- a list of projects requiring on-site visits;
- a project by project evaluation report and a comparative evaluation report of all projects after the on-site visit;
- a revised three year rolling financial and physical plan of projects;
- a revised schedule of projects expected to start in the next 18 months and the expected starting date of each;
- project management briefs;
- an employment and training strategy for each project;
- a maintenance strategy;
- a three monthly cash flow;
- at the end of each month a Trust Account statement showing receipts and payments;
- within 15 days of the end of the month a bank reconciliation statement;
- every two months, a report of physical progress of each project;
- reports and records prepared or obtained from site visits, including photos, videos, a written report on each site visit and reports to the Project Officer on matters arising from liaison with ATSIC field officers;
- within two months after the end of each six months period provide to the Project Officer a financial report for the relevant project certified as correct by the CSPM. The financial report shall include:
  - a certificate of fund usage;
  - income and expenditure statement against approved budget;
  - list of debtors and creditors and any other current assets and liabilities including cash at bank or on hand for the project;
  - a list of capital items; and
  - a statement of the cash position of each project.

- as soon as possible after the 30 June but within two months, an audited statement of income and expenditure; and
- a final report at the completion of each project summarising performance information on the pertinent aspects of the project. ATSIC has seven State Program Manager contracts, one for each State and the Northern Territory.

## Appendix 4

### Reporting requirements of Project Managers

Project Managers are required to produce numerous reports under the contract:

- monthly Project progress reports;
- monthly Project construction reports ;
- Project quality plan;
- Project plan
- work scope report;
- design report, includes Project cost Plan Report, Project Program Report and Project Risk Assessment Report;
- Tender Report;
- Handover Manual; and
- Final Project Report.

The Project Manager will produce Monthly Project Construction Reports showing:

- description of physical progress including photographs;
- level and type of Community members' employment in mandays;
- level and type of Community members' training in mandays;
- comment by community on employment, training, and skilling issues;
- summary of progress with funding contributions from other agencies;
- contractor's actual time performance against construction program;
- progress payments summary and variations summary;
- contractor's actual cash flow against predicted cash flow;
- cost to complete project against available Project Budget;
- analysis of contingency allowances;
- quality assurance appraisal based on Australian Standard-ISO9001;
- comment on technical quality/workmanship;
- comment on contractual issues/problems/claims/disputes; and
- overall comment on progress/performance.

The Project Manager's final report will include:

- community employment and training provided during construction;
- on-going community employment and training;

- funding and other support from other agencies;
- actual financial contract status against original contract and Project Budget;
- actual timing against original Project Program;
- comment on Contractor's performance;
- lessons learnt from the project, so that the process could be improved if a similar project is carried out in the near future;
- overall project evaluation commentary.

The functional brief or workscope is to contain:

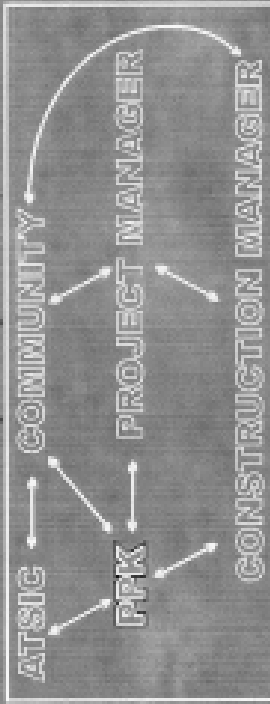
- Community consultation activity undertaken;
- outcomes of this activity, by way of the documentation of specific project requirements nominated by the Community;
- other consultation activity undertaken, particularly with statutory authorities;
- commentary on viable alternative solutions which meet project objectives;
- clear definition of the proposed scope of project work;
- confirmation of no impediments to usage of lands for the project;
- confirmation of the adequacy of the Project Budget;
- confirmation of the Project Program for design, construction and handover;
- preliminary cash flow forecast for design and construction phases, including project manager's fees and costs, and fees and costs of any sub consultants;
- preliminary identification of opportunities for training, ongoing community employment and skills transfer to the Community from the Project;
- the degree of technical knowledge required by the Community to efficiently use and operate the facilities to be provided;
- how such expertise can be obtained;
- preliminary estimates of future maintenance costs and resources requirements; and
- preliminary strategy for meeting the ongoing operation and maintenance needs of the project.

The contract also requires that the Program Manager has responsibilities for the outcomes to be produced by the Project Manager.



# SWAN VALLEY NYUNGAH COMMUNITY PROJECT

The Swan Valley Nyungah Community has worked towards improving the housing conditions at the community. Funding from NAHS was secured following an assessment of the conditions at the community. The community initiated the selection of an Architect and Construction Manager (on site supervisor) to deal with the technical aspects of the project. The community proposed to carry out the construction work by utilising community workers. As a result of the guidelines governing NAHS funding, an alternative methodology was required to manage the project. Through discussions with ATSiC, the community and PPK it was established that PPK would supply Extended Program Management services to cover aspects of Project Management work not covered by the Architect. The refined approach carried out by the various parties is shown across.



An in-house bid can cover all aspects of project but is best delivered to a community with greater involvement in community related projects as sought by Aboriginal people. In-house bids will become more common, in-house bids are not a new phenomenon, and funding has been granted to communities in the past to implement such projects have not been successful for various reasons, some of which are:

- poor supervision
- lack of skilled personnel
- lack of overall project control and poor quality control
- in-house bids carried out on the NAHS guidelines are subject to tight control. Before an in-house bid can proceed, specific criteria need to be established in terms of project control, community involvement, schedule of works, project budget, implementation of training programs and an agreed project strategy.

It can be expected that an in-house bid will require more funding than a conventional project, but the rewards for the community can be substantial and additional sources of funding can be utilised to increase the project budget. Contracts need to be implemented so the community is protected from any liabilities resulting from the construction program. Effectively, a contract needs to be established between the community and the community construction team. This can take the simple form of a contract identifying the components of the project to be delivered. These are:

- a budget, and
- a project schedule.

Clashes addressing these issues need to be resolved in the contract to enable the Project Manager to respect the Community Construction team with an external contractor should significant problems arise.

Although in-house bids can be significant community involvement and ownership is the ultimate objective of the NAHS programs improve the health and conditions of Aboriginal people within the community.

The strength of community leadership is an important consideration when determining the viability of an in-house bid. A community, particularly the senior members, needs to show a strong willingness and drive to participate in the project. Ideally, a senior figure or figures will be required to drive and motivate the workers throughout the program. It needs to be clearly understood that two years, as is the case at SVNC.

Once an in-house project is up and running strong community leadership, direction and drive will be required to maintain worker enthusiasm, punctuality and enthusiasm throughout the period of the construction program.

If a community is planning an in-house bid to undertake the supply of services at or part of the project there is a need to plan for possible problems that may impact on the project from involving the community. The following points are not exhaustive but attempt to give an indication of the likely problems that may be encountered when managing this house bid.

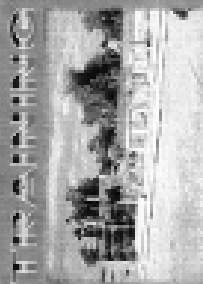
- When budgeting for anticipated work programs it is essential to consider substantial amounts of time lost to sickness, absenteeism, late starts and internal community activities. These factors, as well as inherent weather, can account for at least 30% of the actual man hours in any given month.
- Internal community problems can quickly spill over into the project. This can range from workers simply being absent from work to those leaving the project due to disagreements. However, internal problems should be left to the community to resolve and solutions provided only when requested or as a last resort.
- A successful in-house bid can cause division within the community particularly between community workers and non-workers.

The actual number of willing and available workers needs to be considered. Many community workers may indicate a strong desire to participate in the construction work in the initial stages of the project. However, once the project begins the actual number of workers willing to work may be considerably less than originally estimated. High turn over of workers may be observed throughout the duration of the project.

The SVNC project has experienced a turn over of 50%.



## ATSiC

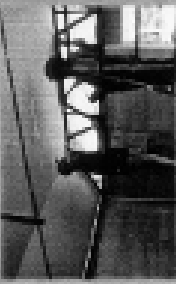


NAHS projects, a construction with in-house bids, offers greater opportunities for comprehensive and valuable training.

Training programs need to be well thought out, and strategies need to be developed in order to deliver training and instruction to community workers. Training initiatives should be further advice of funding for at least one to two organizations that may be able to assist in additional funding are DEETVA and training groups. To gain funding from such organizations such strategies must include an outline of the main aims and objectives of the training. Currently GWM and GWM training programs have been completed by WADAT. Before DEETVA can contribute funds to a project an accredited training program has to be established.

At the SVNC the workers are undertaking two stages of training. GWM and GWM courses being run for the workers with a trainer assigned to work with two or three workers and additional assistance supplied by an experienced officer (the Construction Manager).

### CONSTRUCTION MANAGER

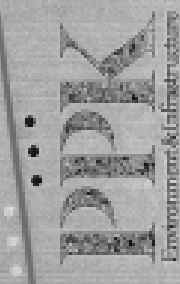


The Construction Manager is integral to the successful implementation and delivery of an in-house bid. The construction manager has to work closely with the project team. The team consists of:

- community workers,
- in-house,
- Project Manager,
- Program Manager, and
- ATSiC.

The Construction Manager may be required to take on the role of a coordinator in the day to day running of the community.

In addition, the Construction Manager should possess strong management skills and the ability to communicate effectively with all members of the project team.



The program of work consists of:

- 11 houses (some funded by NAHS),
- a hybrid power system (which includes a battery house),
- power upgrade work (covering the installation of copper and cables),
- six bathroom and laundry units, and
- improvements to the sewerage system to cope with the increased loading from the new housing.

The total funding for the project is \$1.35 million.

The construction workers who volunteered to participate in the project have been split into two groups. Each group is organized by one trainer and further assistance is given by the construction manager where necessary. The work is related between the two groups ensuring that every worker obtains broad experience of all the activities undertaken on the project. Careful selection of construction materials is required to match the skills available within the community. Reinforced earth walling was selected because of its robust nature and the relatively simple construction techniques. Although the construction techniques are more expensive building materials, its use has been justified by the way the workers have mastered the building techniques.

Various types of housing have been proposed ranging from three bedroom house, single storey, through to three and four bedroom family houses. Each building consists of an enclosed living area, kitchen, bathroom, laundry area, and an enclosed veranda. A typical building process is shown identifying the various stages in the construction program. The only work not completed by the workers involves some secondary fixing, electrical wiring, plumbing work and the supply of the cable network.



### HYBRID POWER SYSTEM

The hybrid power system has been three years to plan. The International Centre for Application of Solar Energy (ICASE) has been heavily involved in the design and installation of the project. The project has been secured by the efforts of the SVNC and ICASE. Funding was allocated by:

- ATSiC (\$150,000),
- ICASE (\$80,000),
- Alternative Energy Development Board (\$50,000) and
- ICASE (\$10,000).

The system was designed to meet 70% of the new housing power requirements. The system comprised of two 10kW wind turbines, an array of new 50W solar panels, an inverter and a battery house to store the energy. The battery house was constructed by the community work force and was built from reinforced earth walling. The system was officially handed to the community at an opening ceremony was held on the 11 May 1996 and dedicated to the memory of Louis John Nettle.

The hybrid power system was named the 'Victorian Energy Supply' and was officially unveiled by Gail Donohue and Robin Brophy.

## References

---

Aboriginal and Torres Strait Islander Commission 1994, *The National Aboriginal Health Strategy : an evaluation*, ATSIC, Canberra.

—— 1998a, *Annual Report 1997-98*, ATSIC, Canberra.

—— 1998b, *Operating and Maintenance Cost Estimates Study for Discrete Indigenous Communities Within Australia*, prepared by Ove Arup & Partners, ATSIC, n.p.

—— 1998c, *Portfolio Budget Statements 1998-99*, Budget Related Paper No. 1.13C, ATSIC, Canberra.

—— 1999, *Evaluation of the Health Infrastructure Priorities Projects Program : Final Report by Office of Evaluation and Audit*, ATSIC, Canberra.

Australian National Audit Office 1998, *The Aboriginal and Torres Strait Islander Health Program : Department of Health and Aged Care*, Auditor-General Audit Report No. 13, 1998-99, ANAO, Canberra.

Department of Finance, Program Management and Central Agencies Branch 1997, *Performance Information Review : the Joint Report of the Aboriginal and Torres Strait Islander Commission and the Department of Finance*, Dept. of Finance, Canberra.

Health Infrastructure Priority Project 1996, *Project Management Agreement*, contract, ATSIC and Ove Arup.

Jones, Roger 1991, *The Housing Need of Indigenous Australians*, Research Monograph No. 8, CAEPR, 1994.

National Aboriginal Health Strategy Working Party 1989, *A National Aboriginal Health Strategy*, NAHWP, Canberra.

O'Connor, Rod 1994, *Development of the Health Effects Scale : a Trial Instrument based on Expert Judgement for Rating the Effect of Environmental Factors on the Health of Aboriginal Households*, Rod O'Connor and Associates,

# Index

---

## A

accountability 4, 17, 51, 74, 87, 91  
accrual budgeting 17, 21, 76, 91  
Audit criteria 5, 38  
Audit methodology 5, 37

## B

benchmarking 6, 15, 73

## C

Communities visited by ANAO 54  
contracted state program managers  
15, 29, 32, 42, 47, 64, 88, 98, 101  
contractual management 15  
cooperative arrangements 26, 38, 60,  
93

## D

Department of Employment,  
Workplace Relations and Small  
Business (DEWRSB) 6-7, 15-16,  
18, 21, 37, 54-55, 63, 65, 76-84  
Department of Health and Aged Care  
14, 18, 25, 39, 43, 44, 45

## E

employment and training 6, 12, 15,  
16, 17, 18, 20, 21, 48, 49, 55, 63,  
64, 69, 70, 75, 76, 77, 78, 79, 80,  
81, 82, 83, 84, 85, 86, 87, 88, 89,  
90, 91, 92, 93, 98, 99, 100, 101,  
104  
environmental and primary health  
care 5, 14, 43, 45

## F

Financial management and reporting  
5, 49

## H

health 1, 3, 5, 7-8, 11-12, 14, 18-19,  
25-26, 28-29, 32, 34, 36-37, 39-46,  
48, 52, 54, 60-61, 62-63, 65, 68,  
71-72, 85, 88-89, 92-94, 98  
housing and infrastructure 1, 3, 5,  
11-17, 20, 26-28, 30-31, 34, 36,  
38-41, 43-46, 50-54, 56, 62, 66-68,  
70, 72-75, 78, 87, 90-92, 94

## I

Identification of Housing and  
Infrastructure Needs 5, 14, 41,  
43, 45  
interagency co-operation 89

## L

location of NAHS projects 5, 31, 32

## N

NAHS program/project management  
model 5, 32

## O

outcomes and outputs 13, 17, 93

## P

performance indicators 6, 13, 17-18,  
35, 38, 91-93  
performance information 5-6, 13, 16,  
18, 34-35, 87, 89, 91, 93  
program delivery 5, 14, 27, 46-47, 49,  
51, 55, 57, 59, 61-63, 65, 67, 69,  
71, 73  
program management arrangements  
12, 13, 15, 20, 29-30, 46, 68,  
73-74, 76, 85, 88-90, 94  
program manager 5-7, 15, 11, 17,  
26-29, 32-33, 37, 40, 42, 46-49,  
50-53, 60-61, 63-64, 67-68, 70, 73,  
76-77, 87-90, 93-94, 98, 101, 103,  
105

program objectives 25, 38, 47, 87, 98  
project identification 5, 47, 48, 98  
project manager 5-6, 12, 14, 16, 17,  
33, 37, 46, 47, 49, 50, 51, 52, 53,  
63, 67, 68-70, 71, 74, 83, 84, 88,  
98-100, 103-105

## **R**

reporting 5-6, 13, 16-18, 20, 26, 35,  
38, 47-50, 66-67, 76, 89-93, 101,  
103

## **S**

stakeholder 13-14, 16, 37-38, 60-63,  
71-72, 74, 82-84, 86-87, 90, 93

## **T**

target 6, 14, 16-17, 20, 25, 27, 29, 41,  
46, 49, 61, 62, 76-78, 81, 85, 88,  
93, 99  
trust funds 15, 49, 52

# Series Titles

---

## Titles published during the financial year 1998-99

Audit Report No.1 Performance Audit  
*Corporate Governance Framework*  
Australian Electoral Commission

Audit Report No.2 Performance Audit  
*Commercial Support Program*  
Department of Defence

Audit Report No.3 Performance Audit - Follow-up  
*Assessable Government Industry Assistance*  
Australian Taxation Office

Audit Report No.4 Performance Audit  
*Client Service Initiatives*  
Australian Trade Commission

Audit Report No.5 Performance Audit  
*Commonwealth Agencies' Security Preparations for the Sydney 2000 Olympics*

Audit Report No.6 Audit Activity Report  
*Audit Activity Report: January to June 1998*  
Summary of Outcomes

Audit Report No.7 Performance Audit  
*Management of the Implementation of the New Employment Services Market*  
Department of Employment, Education, Training, and Youth Affairs

Audit Report No.8 Performance Audit  
*Safeguarding Our National Collections*

Audit Report No.9 Performance Audit  
*Accountability and Performance Information*  
Australian Sports Commission

Audit Report No.10 Performance Audit  
*Sale of One-third of Telstra*

Audit Report No.11 Performance Audit  
*OGIT and FedLink Infrastructure*  
Office of Government Information Technology

Audit Report No.12 Performance Audit  
*Taxation Reform*  
Community Education and Information Programme

Audit Report No.13 Performance Audit  
*Aboriginal and Torres Strait Islander Health Program*  
Department of Health and Aged Care

Audit Report No.14 Performance Audit  
*Prescribed Payments System*  
Australian Taxation Office

Audit Report No.15 Performance Audit  
*Postal Operations*  
Australian Customs Service

Audit Report No.16 Performance Audit  
*Aviation Security in Australia*  
Department of Transport and Regional Services

Audit Report No.17 Performance Audit  
*Acquisition of Aerospace Simulators*  
Department of Defence

Audit Report No.18 Performance Audit  
*Accounting for Aid—The Management of Funding to Non-Government Organisations*  
Follow-up Audit  
Australian Agency for International Development (AusAID)

Audit Report No.19 Performance Audit  
*The Planning of Aged Care*  
Department of Health and Aged Care

Audit Report No.20 Financial Statement Audit  
*Audits of the Financial Statements of Commonwealth Entities for the Period Ended 30 June 1998*  
Summary of Results and Financial Outcomes

Audit Report No.21 Financial Control and Administration Audit  
*Costing of Services*

Audit Report No.22 Performance Audit  
*Getting Over the Line: Selected Commonwealth Bodies' Management of the Year 2000 Problem*

Audit Report No.23 Performance Audit  
*Accountability and Oversight Arrangements for Statutory Bodies in the Former Primary Industries and Energy Portfolio*

Audit Report No.24–27 Performance Audit  
*DAS Business Unit Sales*  
No.24 *Sales Management*  
No.25 *DASFLEET Sale*  
No.26 *Sale of Works Australia*  
No.27 *Sale of DAS Interiors Australia*

Audit Report No.28 Performance Audit  
*Sale of SA Rail, Tasrail and Pax Rail*

Audit Report No.29 Performance Audit  
*Provision of Migrant Services by DIMA*  
Department of Immigration and Multicultural Affairs

Audit Report No.30 Performance Audit  
*The Use and Operation of Performance Information in the Service Level Agreements*

Department of Social Security  
Department of Employment, Education, Training and Youth Affairs  
Centrelink

Audit Report No.31 Performance Audit  
*The Management of Performance Information for Specific Purpose Payments—The State of Play*

Audit Report No.32 Performance Audit  
*Management of Parliamentary Workflow*

Audit Report No.33 Audit Activity Report  
*Audit Activity Report: July to December 1998*  
*Summary of Outcomes*

Audit Report No.34 Performance Audit  
*Fringe Benefits Tax*  
Australian Taxation Office

Audit Report No.35 Performance Audit  
*The Service Pension*  
Department of Veterans' Affairs

Audit Report No.36 Performance Audit  
*Pay-As-You-Earn Taxation – Administration of Employer Responsibilities*  
Australian Taxation Office

Audit Report No.37 Performance Audit  
*Management of Tax File Numbers*  
Australian Taxation Office

Audit Report No.38 Preliminary Study  
*Management of Commonwealth Budgetary Processes*

# Better Practice Guides

---

Administration of Grants	May 1997
AMODEL Illustrative Financial Statements 1998	Jul 1998
Asset Management	Jun 1996
Asset Management Handbook	Jun 1996
Audit Committees	Jul 1997
Cash Management	Mar 1999
Controlling Performance and Outcomes	Dec 1997
Financial Statements Preparation	1996
Managing APS Staff Reductions	Jun 1996
Management of Accounts Receivable	Dec 1997
Management of Corporate Sponsorship	Apr 1997
Management of Occupational Stress in Commonwealth Agencies	Dec 1998
New Directions in Internal Audit	Jul 1998
Paying Accounts	Nov 1996
Protective Security Principles (in Audit Report No.21 1997-98)	
Public Sector Travel	Dec 1997
Return to Work: Workers Compensation Case Management	Dec 1996
Security and Control for SAP R/3	Oct 1998
Selecting Suppliers: Managing the Risk	Oct 1998
Telephone Call Centres	Dec 1996
Telephone Call Centres Handbook	Dec 1996