Indigenous Housing: Assessing the Long Term Costs and the Optimal Balance Between Recurrent and Capital Expenditure

authored by
Dr Jon Hall
Professor Mike Berry

for the
Australian Housing and Urban Research Institute
Royal Melbourne Institute Of Technology
AHURI RMIT-NATSEM Research Centre

May 2006

ISBN:1 921201 01 0 (Final Report)
ISBN:1 921201 00 2 (Project)
ACKNOWLEDGEMENTS

This material was produced with funding from the Australian Government and the Australian States and Territories. AHURI Ltd gratefully acknowledges the financial and other support it has received from the Australian, State and Territory governments, without which this work would not have been possible.

DISCLAIMER

AHURI Ltd is an independent, non-political body which has supported this project as part of its programme of research into housing and urban development, which it hopes will be of value to policy-makers, researchers, industry and communities. The opinions in this publication reflect the views of the authors and do not necessarily reflect those of AHURI Ltd, its Board or its funding organisations. No responsibility is accepted by AHURI Ltd or its Board or its funders for the accuracy or omission of any statement, opinion, advice or information in this publication.
CONTENTS

CONTENTS .................................................................................................................... 3
TABLES .......................................................................................................................... 6
GRAPHS ......................................................................................................................... 7
ABBREVIATIONS .........................................................................................................10
ABBREVIATIONS (CONTINUED) ................................................................................ 11
EXECUTIVE SUMMARY ................................................................................................. I
1 INTRODUCTION ......................................................................................................... 1
  1.1 Background ......................................................................................................... 1
  1.2 Research Aims and Objectives ........................................................................... 2
  1.3 Scope of the Work and Structure of this Report .................................................. 3
2 NATIONAL POLICY CONTEXT ............................................................................... 5
  2.1 The Demand For, and Supply of, Not For Profit Indigenous Rental Housing .... 5
  2.2 Recent Initiatives of Australian and State/Territory Governments .................. 7
    2.2.1 Recent Australian and Joint Australian/State Initiatives.............................. 7
    2.2.2 Recent State/Territory Government Initiatives .......................................... 10
  2.3 Developments in Funding Arrangements and Programs ..................................14
    2.3.1 Current Funding Arrangements ................................................................ 14
    2.3.2 Australian Government Indigenous Housing Programs............................ 14
    2.3.3 State/Territory Government Indigenous Housing Programs (excluding
         ARHP funding) .......................................................................................... 16
    2.3.4 Key Funding Outcomes ............................................................................ 20
3 RESEARCH PROCESS AND METHOD ................................................................ 22
  3.1 Research Control and Management ................................................................. 22
  3.2 Project Process ................................................................................................. 22
  3.3 Changes to Project Components and Project Plan ........................................... 24
    3.3.1 Components as outlined in Project Plan ................................................... 24
    3.3.2 Components as Finally Agreed by User and Contact Groups ................. 24
  3.4 Quantification Process ...................................................................................... 24
4 ANALYSIS RESULTS: GENERAL ANALYSIS ISSUES ........................................ 26
  4.1 State Owned and Managed Indigenous Housing .............................................. 26
  4.2 Indigenous Community Housing Organisations .............................................. 26
5 ANALYSIS RESULTS: STATE OWNED AND MANAGED INDIGENOUS
   HOUSING .............................................................................................................. 27
  5.1 New South Wales .............................................................................................. 27
    (a) Quantitative ............................................................................................... 27
    (b) Qualitative ................................................................................................. 34
    (c) NSW State Owned And Managed Indigenous Housing: Conclusions .... 35
  5.2 Queensland ....................................................................................................... 36
    (a) Quantitative ............................................................................................... 36
    (b) Qualitative ................................................................................................. 43
TABLES

1. Summary Of 2003/04 Australian Government Funding For Housing and Infrastructure For Long Term Not For Profit Rental Housing For Indigenous People 20
2. Summary Of 2003/04 Total State Government Funding For Housing and Infrastructure For Long Term Not For Profit Rental Housing For Indigenous People 20
3. Comparison Of Backlog Of Repairs, Maintenance and Upgrades @ 30 June 2004 For ICHO and SOMIH Dwellings With Projected Expenditure 2004-09 21
4. Distribution Of Sample ICHOs 23
5. Financial Rankings: Real Income/Expenditure Per Dwelling: NSW State Owned and Managed Indigenous Housing 34
7. Financial Rankings: Real Income/Expenditure Per Dwelling: South Australian State Owned and Managed Indigenous Housing 51
8. Financial Rankings: Real Income/Expenditure Per Dwelling: Tasmanian State Owned and Managed Indigenous Housing 58
10. Financial Rankings: Real Income/Expenditure Per Dwelling: West Australian State Owned and Managed Indigenous Housing 72
11. Distribution Of ICHOs by AGSC Region 80
12. Distribution Of ICHOs by State 80
13. ICHOs By Dwellings Under Management 81
14. ICHOs Not Reporting Income And Expenditure Statements 82
15. Rent Charging Policies: SOMIHs 94
16. SOMIHs: Percentage Of Client Households By Household Type: 2003/04 95
17. Geographic Distribution Of SOMIH Dwellings By AGSC Regions: 2003/04 96
18. Rent Charging Regimes In ICHOs: 2003/04 97
19. SOMIHs and ICHOs: Maintenance Expenditures Per Dwelling Per Year By AGSC Region: 2003/04: $ 99
20. Reported Stock Condition: ICHOs 2003/04: Percentage Of Total 104
21. Average Three Bedroom Construction Costs: 2005/06: $000’s 105
GRAPHS

1. NSW SOMIH: Real Incomes Per Dwelling Unit: $: 2001/02 – 2003/04
2. NSW SOMIH: Real Expenditures Per Dwelling Unit: $: 2001/02 – 2003/04
3. NSW SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2001/02
4. NSW SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2003/04
5. NSW SOMIH: Real Average Percentage Change In Key Line Items: 2001/02 – 2003/04
7. NSW SOMIH: Real Average Percentage Change In Key Line Items: (Incomes): 2001/02 – 2003/04
8. NSW SOMIH: Real Indigenous Housing Recurrent Funding Gap Before Grants: 2001/02 and 2003/04
10. QUEENSLAND SOMIH: Real Expenditures Per Dwelling Unit: $: 2001/02 – 2003/04
11. QUEENSLAND SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2001/02
12. QUEENSLAND SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2003/04
13. QUEENSLAND SOMIH: Real Average Percentage Change In Key Line Items: 2001/02 – 2003/04
15. QUEENSLAND SOMIH: Real Average Percentage Change In Key Line Items: (Incomes): 2001/02 – 2003/04
17. SOUTH AUSTRALIA SOMIH: Real Incomes Per Dwelling Unit: $: 2001/02 – 2003/04
18. SOUTH AUSTRALIA SOMIH: Real Expenditures Per Dwelling Unit: $: 2001/02 – 2003/04
19. SOUTH AUSTRALIA SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2001/02
20. SOUTH AUSTRALIA SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2003/04
21. SOUTH AUSTRALIA SOMIH: Real Average Percentage Change In Key Line Items: 2001/02 – 2003/04
23. SOUTH AUSTRALIA SOMIH: Real Average Percentage Change In Key Line Items: (Incomes): 2001/02 – 2003/04
25. TASMANIA SOMIH: Real Incomes Per Dwelling Unit: $: 2001/02 – 2003/04
26. TASMANIA SOMIH: Real Expenditures Per Dwelling Unit: $: 2001/02 – 2003/04
27. TASMANIA SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2001/02
28. TASMANIA SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2003/04
29. TASMANIA SOMIH: Real Average Percentage Change In Key Line Items: 2001/02 – 2003/04
31. TASMANIA SOMIH: Real Average Percentage Change In Key Line Items: (Incomes): 2001/02 – 2003/04
32. TASMANIA SOMIH: Real Indigenous Housing Recurrent Funding Gap Before Grants: 2001/02 and 2003/04
33. VICTORIA SOMIH: Real Incomes Per Dwelling Unit: $: 2003/04
34. VICTORIA SOMIH: Real Expenditures Per Dwelling Unit: $: 2003/04
35. VICTORIA SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2001/02
36. VICTORIA SOMIH: Average Annual Recurrent Funding Gap Per Dwelling: $: 2003/04
37. VICTORIA SOMIH: Real Indigenous Housing Recurrent Funding Gap Before Grants: 2003/04
38. WESTERN AUSTRALIA SOMIH: Real Incomes Per Dwelling Unit: $: 2001/02 – 2003/04
39. WESTERN AUSTRALIA SOMIH: Real Expenditures Per Dwelling Unit: $: 2001/02 – 2003/04
40. WESTERN AUSTRALIA SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2001/02
41. WESTERN AUSTRALIA SOMIH: Line Items: Percentage of Real Total Indigenous Housing Operating Expenditure Per Dwelling, 2003/04
42. WESTERN AUSTRALIA SOMIH: Real Average Percentage Change In Key Line Items: 2001/02 – 2003/04
43. WESTERN AUSTRALIA SOMIH: Average Annual Recurrent Funding Gap Per Dwelling: $: 2001/02 – 2003/04
44. WESTERN AUSTRALIA SOMIH: Real Average Percentage Change In Key Line Items: (Incomes): 2001/02 – 2003/04
45. WESTERN AUSTRALIA SOMIH: Real Indigenous Housing Recurrent Funding Gap Before Grants: 2001/02 and 2003/04
46. State Owned And Managed Indigenous Housing, Net Rents Per Dwelling Compared to Public Housing Average: 2003/04
47. State Owned And Managed Indigenous Housing, Maintenance Paid Per Dwelling Compared to Average For Public Housing: 2003/04
48. State Owned And Managed Indigenous Housing, Rates Paid Per Dwelling Compared to Average For Public Housing: 2003/04
49. State Owned And Managed Indigenous Housing, Overhead Paid Per Dwelling Compared to Average For Public Housing: 2003/04
50. State Owned And Managed Indigenous Housing, Rental Rebates Per Dwelling Compared to Average For Public Housing: 2003/04
51. State Owned And Managed Indigenous Housing, Revenue Gap Per Dwelling (excluding Net Interest and Depreciation) Compared to Average For Public Housing: 2001/02 - 2003/04
52. State Owned And Managed Indigenous Housing, Net Interest Paid Per Dwelling Compared to Average For Public Housing: 2003/04
53. State Owned And Managed Indigenous Housing, Depreciation Per Dwelling Compared to Average For Public Housing: 2003/04
54. ICHOs By Geographic Region: Average Real Net Rents Per Dwelling Per Annum: $000’s: 2001/02 – 2003/04
55. ICHOs By Geographic Region: Average Real Maintenance Expenditure Per Dwelling Per Annum: $000’s: 2001/02 – 2003/04
56. ICHOs By Geographic Region: Average Rates Expenditure Per Dwelling Per Annum: $000’s: 2001/02 – 2003/04
57. ICHOs By Geographic Region: Average Real Overhead Per Dwelling Per Annum: $000’s: 2001/02 – 2003/04
58. ICHOs By Geographic Region: Average Real Net Expenditures Per Dwelling Per Annum: $000’s: 2001/02 – 2003/04
59. ICHOs By Geographic Region: Average Recurrent Funding ‘Gap’ (excluding Net Interest and Depreciation) Per Dwelling Per Annum: $000’s: 2001/02 – 2003/04
60. ICHOs By Geographic Region: Average Recurrent Funding ‘Gap’ Per Dwelling Per Annum If The SOMIH average Applied To Maintenance And Overhead Expenditure: $000’s: 2003/04
61. ICHOs By Geographic Region: Average Recurrent Funding ‘Gap’ (including Net Interest and Depreciation), Per Dwelling Per Annum $000’s: 2003/04
62. All Sectors: Housing Management Expenditure (Salaries And Administration), Average Per Dwelling: 2003/04: $000’s
63. SOMIHs and ICHOs: Average Expenditures Per Dwelling: All Items Other Than Maintenance And Overhead: 2003/04: $000’s
### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>ACDP</td>
<td>Aboriginal Communities Development Program</td>
</tr>
<tr>
<td>AFSS</td>
<td>Aboriginal Family Support Services</td>
</tr>
<tr>
<td>AHA</td>
<td>Aboriginal Housing Authority</td>
</tr>
<tr>
<td>AHBV</td>
<td>Aboriginal Housing Board of Victoria</td>
</tr>
<tr>
<td>AHIC</td>
<td>Aboriginal Housing and Infrastructure Council</td>
</tr>
<tr>
<td>AHID</td>
<td>Aboriginal Housing and Infrastructure Directorate</td>
</tr>
<tr>
<td>AHO</td>
<td>Aboriginal Housing Office</td>
</tr>
<tr>
<td>AHST</td>
<td>Aboriginal Housing Services Tasmania</td>
</tr>
<tr>
<td>AHSU</td>
<td>Aboriginal Housing Services Units</td>
</tr>
<tr>
<td>AHURI</td>
<td>Australian Housing and Urban Research Institute</td>
</tr>
<tr>
<td>AIHW</td>
<td>Australian Institute of Health and Welfare</td>
</tr>
<tr>
<td>ANIHI</td>
<td>Agreement of National Indigenous housing Information</td>
</tr>
<tr>
<td>APOSS</td>
<td>Aboriginal Prisoners and Offenders Support Service</td>
</tr>
<tr>
<td>ATAP</td>
<td>Aboriginal Tenancy Advisory Panel</td>
</tr>
<tr>
<td>ATSIC</td>
<td>Aboriginal and Torres Strait Islander Commission</td>
</tr>
<tr>
<td>ATSIS</td>
<td>Aboriginal and Torres Strait Islander Services</td>
</tr>
<tr>
<td>BBF</td>
<td>Building a Better Future: Indigenous housing to 2010</td>
</tr>
<tr>
<td>BCA</td>
<td>Building Code of Australia</td>
</tr>
<tr>
<td>CDEP</td>
<td>Community Development Employment Program</td>
</tr>
<tr>
<td>CHINS</td>
<td>Community Housing and Infrastructure Needs Survey</td>
</tr>
<tr>
<td>CHIP</td>
<td>Community Housing and Infrastructure Program</td>
</tr>
<tr>
<td>CRA</td>
<td>Commonwealth Rent Assistance</td>
</tr>
<tr>
<td>CSHA</td>
<td>Commonwealth State Housing Agreement</td>
</tr>
<tr>
<td>DAAR</td>
<td>Department of Aboriginal Affairs and Reconciliation</td>
</tr>
<tr>
<td>DATSIP</td>
<td>Department of Aboriginal and Torres Strait Islander Policy</td>
</tr>
<tr>
<td>DCDSCA</td>
<td>Department of Community Development, Sport and Cultural Affairs</td>
</tr>
<tr>
<td>DHS</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td>FaCS</td>
<td>Family and Community Services</td>
</tr>
<tr>
<td>FHBH</td>
<td>Fixing Houses for Better Health Program</td>
</tr>
<tr>
<td>FHBH2</td>
<td>Fixing Houses for Better Health Program Phase 2</td>
</tr>
<tr>
<td>HACP</td>
<td>Housing Aboriginal Communities Program</td>
</tr>
<tr>
<td>HAMS</td>
<td>Housing Asset Management System</td>
</tr>
<tr>
<td>HOME</td>
<td>Housing Our Mob Everywhere Program</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>ICH</td>
<td>Indigenous Community Housing</td>
</tr>
<tr>
<td>ICHO</td>
<td>Indigenous Community Housing Organisation</td>
</tr>
<tr>
<td>IDSC</td>
<td>Intellectual Disability Services Council</td>
</tr>
<tr>
<td>IHANT</td>
<td>Indigenous Housing Authority of the Northern Territory</td>
</tr>
<tr>
<td>JIHCC</td>
<td>Joint Indigenous Housing Consultative Committee</td>
</tr>
<tr>
<td>JPG</td>
<td>Joint Planning Group</td>
</tr>
<tr>
<td>JTSHIC</td>
<td>Joint Torres Strait Housing and Infrastructure Committee</td>
</tr>
<tr>
<td>NAHS</td>
<td>National Aboriginal Health Strategy</td>
</tr>
<tr>
<td>NATSISS</td>
<td>National Aboriginal and Torres Strait Islander Social Survey</td>
</tr>
<tr>
<td>NRF</td>
<td>National Reporting Framework for Indigenous Housing</td>
</tr>
<tr>
<td>PAH</td>
<td>Partnership Against Homelessness</td>
</tr>
<tr>
<td>RAHC</td>
<td>Regional Aboriginal Housing Committee</td>
</tr>
<tr>
<td>SAAP</td>
<td>Supported Accommodation Assistance Program</td>
</tr>
<tr>
<td>SOMIH</td>
<td>State Owned and Managed Indigenous Housing</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

What do we mean when we talk about Indigenous Housing?

For the purposes of this study Indigenous housing includes State sponsored Indigenous housing provided by State owned and managed Indigenous Housing (SOMIH) organisations. It also includes Indigenous housing provided by not for profit Indigenous Community Housing Organisations (ICHOs).

It is clear that housing provision and policy targeted at Indigenous households in Australia raise important issues concerning appropriateness, effectiveness and accountability. Past attempts to address the very real and serious problems of Indigenous housing have had mixed outcomes, at best. The housing situation of Indigenous Australians is, by any measure, more problematic than that of other Australians, resulting in poorer health and community development outcomes.

In 2003/04 the not for profit rental housing sector provided a total of some 34,442 dwellings of which 21,267, or 63%, were provided by Indigenous community housing organisations (ICHOs) and 12,859 (or 37%) by State Owned and Managed Indigenous Community Housing Organisations (SOMIHs).

This research project has been sponsored by the Standing Committee on Indigenous Housing (SCIH) and the Australian Housing and Urban Research Institute (AHURI). Somewhat differently to the normal research funding process there is a fully developed brief prepared in conjunction with Standing Committee members and State owned and managed Indigenous housing representatives.

The final project plan approved by the Standing Committee and AHURI adopted the following research aims and objectives;

- development of an understanding of the real costs of providing long term Indigenous housing;
- clarification of why cost differentiation exists between the provision of Indigenous specific public and community housing and mainstream public and community housing; and
- provision of information which will assist the development of future formulae for capital and recurrent funding applications.

This report sets out:

- a rationale for, and an explicit set of working definitions for cost and revenue components that can be used to assess operational surpluses/deficits for both ICHOs and SOMIHs;
- an analysis of:
  - the quantitative and qualitative differences between clients, geographies and jurisdictions;
  - the reasons for these differences;
  - the revenue policy implications;
  - the expenditure issues; and
  - evaluation of the issues relating to capital and recurrent splits and possible future directions.
As far as the demand for Indigenous housing is concerned, SCIH estimated Indigenous dwelling need gap is predicted to rise to approximately 18,000 in 2009, despite a projected increase since 2001 of approximately 9,200 in social housing dwellings accessed by Indigenous households. This is made up of:

- an estimated additional 7,600 dwellings required in remote Australia, representing a 6% decrease since 2004;
- in urban Australia, the projected dwelling need gap is likely to climb to 10,400 properties, representing an 18% increase since 2004.

The Housing Ministers statement: *Building a Better Future: Indigenous Housing to 2010* (BBF) reflected a continuing commitment to a coordinated national approach to improving Indigenous housing.

The focus of BBF is on:

1. identifying and addressing outstanding need;
2. improving the viability of Indigenous community housing organisations;
3. establishing safe, healthy and sustainable housing for Indigenous Australians, especially in rural and remote communities; and
4. establishing a national framework for the development and delivery of improved housing outcomes for Indigenous Australians by State, and community housing providers.

Page 4 sets out in more detail the principal outcome areas.

As a result of BBF, by 30 June 2004 Indigenous Housing Agreements (IHAs) had been confirmed by the Australian, State/Territory governments and the Aboriginal and Torres Strait Islander Commission (ATSIC) in all States except Western Australia.

Currently, the Department of Family and Community Services (FaCS) provides a range of Indigenous housing programs which are described in more detail on pages 14 and 15.

**The project research method is as follows:**

- establishment of User and Contact Groups;
- preparation of discussion paper No 1 (quantitative method) and No 2 (sampling and length of analysis issues);
- Focus on an ICHO sample size of 61 plus 6 SOMIH and 6 public housing authorities;
- finalization of spreadsheets and questionnaires;
- electronic distribution of spreadsheets and questionnaires by Contact Group rather than face to face interviews;
- addition of the conduct of a focus group session with small ICHOs;
- addition of a review of current ICHO reporting requirements;
- clarification and unification;
- analysis of spreadsheet and questionnaire returns; and
- draft final report.
The analysis outcomes are set out in Sections 5 to 8 of this report. Section 5 discusses the SOMIHs, whilst Section 6 sets out a comparison with public housing averages.

**The Context of Indigenous Community Housing Organisations**

Some 70% of ICHO dwellings are located in remote and very remote geographical areas, whilst only 18.5% of the total SOMIHs dwellings are in the same AGSC areas.

The main characteristic which emerges is a sector dominated by the large majority of organizations with each managing very few dwellings. The table below demonstrates just how pervasive and entrenched is this organisational characteristic.

<table>
<thead>
<tr>
<th>Organisational Size</th>
<th>Total No’s of Dwellings</th>
<th>% Of Total Dwellings</th>
<th>Number Of Organisations</th>
<th>% Of Total Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Dwellings Or Less</td>
<td>9,663</td>
<td>45.4</td>
<td>504</td>
<td>81.8</td>
</tr>
<tr>
<td>51 to 100</td>
<td>5,361</td>
<td>25.2</td>
<td>77</td>
<td>12.5</td>
</tr>
<tr>
<td>More Than 100</td>
<td>6,263</td>
<td>29.4</td>
<td>35</td>
<td>5.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,287</td>
<td></td>
<td>616</td>
<td></td>
</tr>
</tbody>
</table>

Source: Australian Government Department Of Family and Community Services -2005 Unpublished Data

Nearly 95% of all organisations managing nearly 70% of the dwellings have less than 100 dwellings under management. Currently, ICHOs managing almost 50 per cent of this sector’s stock do not report on their incomes and expenditure (see table below).

<table>
<thead>
<tr>
<th>Classification</th>
<th>Indigenous Housing Organisations</th>
<th>% Of ICHO Total</th>
<th>Numbers Of Dwellings</th>
<th>% Of ICHO Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receiving Grants and Reporting Full Income and Expenditure Statements</td>
<td>361</td>
<td>58.6</td>
<td>10,762</td>
<td>50.5</td>
</tr>
<tr>
<td>Receiving Grants and Not Reporting Full Income and Expenditure Statements</td>
<td>34</td>
<td>5.5</td>
<td>3,676</td>
<td>17.3</td>
</tr>
<tr>
<td>Not Receiving Grants</td>
<td>221</td>
<td>35.9</td>
<td>6,849</td>
<td>32.2</td>
</tr>
<tr>
<td>TOTAL Not Reporting Income and Expenditure Statements</td>
<td>255</td>
<td>41.4</td>
<td>10,525</td>
<td>49.5</td>
</tr>
<tr>
<td>Total Australia</td>
<td>616</td>
<td></td>
<td>21,287</td>
<td></td>
</tr>
</tbody>
</table>

Source: Australian Government Department Of Family and Community Services, SOMIHs and OPAC, 2005, Unpublished Data
Main Findings

In summary SOMIHs predominately enjoy:

- higher net rents;
- lower rebates;
- slightly higher maintenance expenditures;
- similar rates;
- net interest receipts; and
- lower depreciation.

than public housing.

This produces higher revenues, and with the exception of overheads, lower cost structures.

It is estimated that the current recurrent revenue ‘gap’ after interest and depreciation for SOMIHs is approximately $44million per annum or approximately $3,350 per dwelling.

It is estimated that the current capital backlog required for upgrading and dwelling replacement for SOMIHs totals $58.1million.

Assuming a 5-year program this would require an annual capital allocation of $11.62million (unadjusted for cost increases).

Assuming that the average SOMIH outlays on these items is appropriate and are provided to ICHOs (and there are issues with the overhead), the recurrent funding ‘gap’ for remote and very remote ICHOs would be $2,400 and $3,800 per dwelling respectively totaling $52.6million annually.

ICHOs in remote and very remote areas estimate that 20% of the current stock requires a significant upgrade and 18% full replacement (note: the sample on inner and outer regional ICHOs is too small to make reliable comparisons). Based on average costings submitted by the ICHOs for upgrades of $30,000 and for replacement of $215,000, this would, if representative, translate into an average expenditure of $47,000 for every ICHO dwelling in remote and very remote locations.

For ICHO’s across Australia this translates into a backlog requirement of $705million or $141million annually for 5 years.

Factors Affecting Revenues

The following issues emerged in this study:

- Geography has a major impact on revenues for the following reasons:
  - Remote and very remote locations have far fewer employment opportunities than those applying in major cities and inner regional situations, likely increasing the proportion of households who are pension and beneficiaries and; with rent charging a function of income this dilutes the average rent being received.
  - In remote and very remote locations, market rent regimes are firstly hard to establish, and secondly when established, are at much lower absolute levels
than apply in major cities and inner regional locations. Consequently, with rents based on market or a percentage of income, *whichever is the lesser*, market rents may be lower than the requisite percentage of income, even for pension and benefit recipients. This places a severe limit on the revenue per dwelling obtained.

- Lastly, it appears that two main factors may influence the levels of bad debts being experienced by SOMIHs – viz. household composition and geography. The two SOMIHs with the second and third highest bad debts as a proportion or rent charged have the highest and the second highest proportion of stock in remote and very remote locations.

It is clear that the predominant mode of rent setting in ICHOs is a flat rate per person and is not related to household income.

This of course raises a fundamental equity issue, under current rent setting regimes, the rent paid by a SOMIH tenant with the same income, in an identical type of dwelling, in the same location may be very much higher than the rent paid by the tenant of an ICHO.¹

*Given scare grant resources, it is difficult to conceive how equitable recurrent support could be provided to ICHOs in the absence of similar rent charging and revenue effort policies.*

For example, an ICHO with either very low charging policies and/or significantly bad rental payment debts will (given equal expenditure demands for maintenance and housing management) require much higher levels of recurrent financial support than an ICHO where both rent charging and revenue effort (i.e. arrears management) have been pursued as a priority. This means that the amount of grant funds for maintenance and/or housing management will be less than they might otherwise have been. In effect, such a policy penalises the responsibility and effort of the ICHO and the community which recognises rent charging policy and rent payments as an important responsibility necessary to the maintenance of the housing quality.

For both SOMIH’s and ICHO’s there is no doubt that locating rental dwellings in remote and very remote creates a major revenue penalty.

Given these circumstances, the different distribution of dwellings applying to SOMIH’s and ICHOs raises major issues pertaining to equitable funding.

*Even with income related rent policies, ICHOs in remote and very remote locations will be ‘challenged’ for all of the reasons outlined, and any recurrent funding support may need to be weighted to reflect this disadvantage.*

**Issues Associated With Maintenance Expenditure**

*There may be relevant cost pressures affecting maintenance expenditure in remote and very remote areas.*

The very low figure of the ICHOs is a function of a range of factors rather than being due to cost efficiencies (which some may be providing). The most important issue affecting maintenance effort is the lack of revenue available.

| Whilst in some States, maintenance grants have been introduced, the amount per dwelling is not perceived by the sample ICHOs as being sufficient. |

¹FaCs have advised that rent-setting policies will be discussed at a national level in 2006 through SCIH.
Four principal conclusions can be made about maintenance in remote and very remote areas:

- **revenues have never been sufficient to provide for adequate levels of maintenance expenditure and as a consequence stock deterioration has been occurring for many years;**

- **maintenance costs in remote and very remote areas are considerably higher than in metropolitan contexts notwithstanding the fact that many of the ICHOs create cost efficiencies in the maintenance process by conducting a large amount of the work themselves;**

- **in remote and very remote areas the stock deterioration of ICHOs which are not receiving any financial support for maintenance is likely to be chronic, probably with a very high proportion of dwellings in substandard condition;**

- **whilst Governments have been introducing maintenance grants in recent years, the amount’s provided are not sufficient to prevent further deterioration.**

### Management Findings

The average management expenditures by SOMIHs is comparatively high and is 40% higher than their average maintenance expenditure and some 2.3 times that which very remote ICHOs spend on this function (note: the sample on inner and outer regional ICHOs is too small to make reliable comparisons).

By contrast analysis of the ICHOs returns indicate that the fixed costs of running tenancy waiting list and allocation procedures average between $40,000 and $60,000 per annum irrespective of the number of dwellings under management.

It is very likely that management expenditures for remote and very remote ICHO’s are not sufficient.

Diseconomies of scale are a major factor affecting ICHO expenditures in this area.

This has, of course, serious implications for the capacity of the sector to conduct dynamic and on-going social housing management. Whilst a number of States are making major efforts to assist ICHOs to develop their management capabilities, this process is in its infancy.

The most significant barrier to the process is the number of ICHOs with such small dwelling numbers under management that revenues, such as they are, cannot support either the purchase of, or the training and on ongoing staff costs associated with, continuous professional housing management.

Nearly 95% of all organisations managing nearly 70% of the dwellings simply do not obtain enough revenue from rents to support appropriate maintenance and effective, professional, paid housing management from within. It is unlikely that organisations with less than 75 to 100 dwellings can provide effective management at an efficient per dwelling cost.

Furthermore, attempting to fully support all such organisations with grants to cover the full cost of this management would erode the scarce grant resources available to support maintenance of the dwellings and the gradual removal of backlogs.
The absence of both appropriate management information and professional housing management is firstly:
- due to the absence of a national prudential regime which has detailed reporting requirements irrespective of the source and/or provision or absence of funding support; and
- to a paucity of funds for the development and maintenance of appropriate management techniques.

This paucity of funds is primarily a function of inadequate revenue arising from a combination of:
- current rent charging policies;
- diseconomies of scale; and
- a lack of clear, consistent, and longstanding management funding support aimed also at developing scale in ICHO housing management.

It is very clear that revenue is a constraint on both maintenance and housing management expenditure which in turn affects the ability to ensure revenue effort.

It is a ruinous cycle: insufficient revenue ensures inadequate maintenance and housing management, which ensures poorer quality stock, lower proportions of potential rents (on current charging practices), which ensures further deterioration of the stock, and lower housing management expenditures which ensures even lower revenues, and so on.

Leaving aside maintenance requirements, ICHOs in remote and very remote locations have substantial cost efficiencies when compared to SOMIHs. Firstly, in these locations rate payments average $1,000 per dwelling less than that applying to SOMIHs. Secondly, the absence of debt means that there are no interest payment costs and depreciation is not provided for (however, there needs to be some shadow price established for this item). The scale of the efficiencies is such that they more than offset the additional maintenance costs outlined earlier.

Policy Directions

For SOMIHs, there needs to be a concerted effort to reign in housing management expenditures which seem particularly high in a number of jurisdictions.

There also needs to be recognition by the Australian Government of the special recurrent revenue and cost disadvantages of those SOMIHs whose portfolios contain a high proportion of dwellings located in remote and very remote locations. This also applies to capital assistance.

Therefore, it would appear that for ICHOs, appropriate revenue efforts coupled with suitable recurrent maintenance and housing management funding and assistance may well be enough to maintain that component of the current stock which is in excellent and good condition.

Leaving aside mainstream public housing, the ICHO sector is responsible for nearly two thirds of the social rental housing provided to Indigenous Australians yet reliable performance and asset information is simply not available for nearly 50% of the dwellings provided by that sector. This needs to be urgently attended to.
It is suspected that the housing management capabilities of at least 80% of the ICHO organizations is inadequate due to limited revenue to support ongoing social housing management.

Some States are making concerted efforts to change this situation, and the NSW models, which attack both the economies of scale issues and housing management deficiencies, should be closely monitored and encouraged. Managing revenue collection, tenancy allocation and asset retention and revitalization for a collection of ICHOs does not imply a loss of local control by the communities themselves.

The Australian Government has stated that improved management outcomes for ICHO’s will also be dependant upon the development of good corporate governance. It is not beneficial to build new housing if the existing occupied stock is rapidly deteriorating.

The very first policy priority should be to create a financially viable and stable ICHO sector, where those dwellings that are in good and fair condition are able to be maintained and improved. This will require concurrent support for recurrent maintenance and housing management funding and models.

Whilst it is not possible to be definitive about backlog requirements, doubt must be raised about previous estimates and there needs to be a proper quantity surveyed assessment of current ICHO stock condition including:

- dwellings requiring major upgrade and anticipated average cost per dwelling;
- dwellings requiring replacement and anticipated average cost per dwelling;
- whether or not any funding program should provide weightings on capital support per dwelling for upgrading and replacement, by geography, and the extent of such weightings.

Parallel with this support there will need to be a concerted program directed at capital improvement and upgrading, with some funding for SOMIHs but primarily directed at the ICHO sector.

The efficiency and equity issues identified in this report suggest the need for a national response in the context of existing approaches such as BBF.

State/Territory governments acting alone will not be able to ensure the consistency of approach and focus which is necessary.

Set out below are some proposals for performance information improvement and funding reform.

**Policy Suggestions: Performance Information**

1. The Australian Government could immediately request those ICHOs receiving housing grants, and which provide income and expenditure statements as a condition of the grant, to consent to their financial information being used for research purposes. This study’s financial analysis methodology could then be reapplied to these statements to further inform the situation with respect to major city, inner regional and outer regional ICHOs (in addition to further material on remote and very remote ICHOs).

2. In the provision of all future grants, the Australian Government could request ICHOs to agree to assist in providing responses to relevant surveys of the housing management and stock condition. Upon receipt of these agreements
a suitably revised version of the questionnaire used in this study could be pursued.

3. There needs to be a quantity surveyor-driven analysis of the condition of the housing stock of ICHOs throughout Australia, with priority focused on those organizations not receiving grants. This process should assess, by ICHO, the number of dwellings requiring upgrades and replacement and the perceived costs of each. Such an exercise could be funded by the Commonwealth and resourced and managed by the SOMIHs with independent consultants undertaking the actual analysis.

4. The Australian Government could establish and fund a National Indigenous Housing Training and Development Centre. This Centre should be attached to an appropriate University, draw on existing programs and its courses should have tertiary diploma status.²

5. The Centre should focus upon delivering both longer and shorter courses in Indigenous Housing Management drawing heavily on existing Indigenous housing managers and delivering programs in culturally appropriate ways. The areas of study should cover:
   - Corporate governance;
   - Data base and records keeping management;
   - Rent policy and arrears management;
   - Revenue retention;
   - Tenancy management and allocations;
   - Asset management and refurbishment;
   - ‘Hands on’ dwelling maintenance;
   - Contract negotiations and tendering.

Policy Suggestions: Funding

6. The Australian Government could consider reorganizing its Indigenous housing funding programs into three distinct streams:
   - Recurrent funding support for housing management;
   - Recurrent funding support for housing maintenance;
   - Capital funding for infrastructure improvements, dwelling upgrading and replacement, and new stock.

7. The recurrent funding support could provide incentives for arrangements which coalesce the housing management of ICHOs into groups with more than 100 dwellings under management;

8. New management and managers should be encouraged to credential themselves via the National Indigenous Housing Training and Development Centre;

9. Funds could be available under this stream for travel and living expenses whilst undergoing housing management training;

² FaCs has suggested that funding under the Healthy Indigenous Housing Program could contribute to improving management information systems for ICHO’s
10. Organisations receiving maintenance grants could be required to comply with performance criteria pertaining to:

- financial control and reporting;
- rent setting policy and revenue effort;
- arrears and default management;
- stock retention and maintenance.

11. Weightings could be provided on maintenance grants to recognize remote and very remote cost disabilities.

12. The infrastructure and dwelling improvement and replacement program could provide incentives for ICHOs performing well under the recurrent program criteria.

13. Weightings could be provided on capital grants to recognize remote and very remote cost disabilities. Both the recurrent weighting and the capital weighting should be determined by the professionals undertaking the asset and stock condition analysis.
Table: Main Research Findings and Policy Implications/Suggestions

<table>
<thead>
<tr>
<th>Issue</th>
<th>Research Finding</th>
<th>Policy Implication/Suggestion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurrent Financial Support for SOMIH sector</td>
<td>It is estimated that the current recurrent revenue ‘gap’ after interest and depreciation for SOMIHs is approximately $44million per annum or approximately $3,350 per dwelling.</td>
<td>Recognition by the Australian Government of the special recurrent revenue and cost disadvantages of those states whose SOMIH portfolios contain a high proportion of dwellings located in remote and very remote locations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A program of financial assistance targeted to cyclical maintenance and, where appropriate housing management expenditures.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A concerted effort by SOMIH’s to reign in housing management expenditures which seem particularly high in a number of jurisdictions.</td>
</tr>
<tr>
<td>Capital Financial Support For SOMIH sector</td>
<td>It is estimated that the current capital backlog required for upgrading and dwelling replacement for SOMIHs totals $58.1million.</td>
<td>Recognition by the Australian Government of the cost disadvantages of capital assistance for those states whose SOMIH portfolios contain a high proportion of dwellings located in remote and very remote locations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A redirection of existing capital funding to one capital program aimed at upgrading and redevelopment of not for profit Indigenous housing and primarily directed at the ICHO sector; and which rewards the development of efficiencies in housing management.</td>
</tr>
</tbody>
</table>
### Recurrent Financial Support for ICHO Sector

Assuming that the average SOMIH outlays on these items is appropriate and are provided to ICHOs (and there are issues with the overhead), the recurrent funding ‘gap’ for remote and very remote ICHOs would be $2,400 and $3,800 per dwelling respectively, totalling $52.6million annually.

**Policy Implication/Suggestion**

Separate, quarantined, nationally based funding for both cyclical maintenance and housing management such that excellence, consistency and a support framework can be fostered, encouraged and extended. Organisations receiving this funding should be required to comply with performance criteria pertaining to:

- Financial control and reporting;
- Rent setting and revenue effort;
- Arrears and default management; and
- Stock retention and maintenance.

Incentives to Indigenous communities to move towards financially sustainable scales of operation. This need not imply any diminution in the autonomy of particular communities to control their own settlements.

Weightings should be provided on maintenance funding to recognise remote and very remote recurrent revenue and cost disabilities.

### Capital funding support for ICHO sector

ICHOs in remote and very remote areas estimate, based on survey and focus group response, that 20% of the current stock requires a significant upgrade and 18% full replacement (note: the sample on inner and outer regional ICHOs is too small to make reliable comparisons).

Based on average costing submitted by the ICHOs for upgrades of $30,000 and for replacement of $215,000, this would, if representative, translate into an average expenditure of $47,000 for every ICHO dwelling in remote and very remote locations. For ICHO’s across Australia this translates into a backlog requirement of $705million or $141million annually for 5 years.

**Policy Implication/Suggestion**

Separate capital funding for dwelling upgrading and replacement, with clear responsibility incentives that recognise Indigenous communities’ efforts to manage and maintain the existing stock of good and excellent quality.

The issue of capital versus recurrent funding suggests that capital budgets should be determined on a full life-cycle basis, with adequate provision made for major upgrades. Weightings should be provided on capital funding to recognise remote and very remote capital cost disabilities.
<table>
<thead>
<tr>
<th>Issue</th>
<th>Research Finding</th>
<th>Policy Implication/Suggestion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FACTORS AFFECTING RECURRENT REVENUE AND COSTS</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Factors Affecting Revenues | Geography has a major impact on revenues for the following reasons:  
Remote and very remote locations have far fewer employment opportunities than those applying in major cities and inner regional situations; and  
In remote and very remote locations,  
market rent regimes are firstly hard to establish, and secondly when established, are at much lower absolute levels than apply in major cities and inner regional locations | Recognition by the Australian Government of the special recurrent revenue and cost disadvantages of those states whose SOMIH and ICHO portfolios contain a high proportion of dwellings located in remote and very remote locations |
| Rent setting | The predominant mode of rent setting in ICHOs is a flat rate per person and is not related to household income.  
This raises a fundamental equity issue, under current rent setting regimes, the rent paid by a SOMIH tenant with the same income, in an identical type of dwelling, in the same location may be very much higher than the rent paid by the tenant of an ICHO | Consistent rent setting principles across the ICHO sector in Australia based on funding equity to recognise real cost differences across communities; and  
Recurrent funding formulae to include clear criteria accounting for revenue and cost differences due to geography and other factors as revealed by subsequent more geographically comprehensive analysis |
<table>
<thead>
<tr>
<th>Issue</th>
<th>Research Finding</th>
<th>Policy Implication/Suggestion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance Expenditure</td>
<td>Revenues have never been sufficient to provide for adequate levels of maintenance expenditure and as a consequence stock deterioration has been occurring for many years; Maintenance costs in remote and very remote areas are considerably higher than in metropolitan contexts notwithstanding the fact that many of the ICHOs create cost efficiencies in the maintenance process by conducting a large amount of the work themselves; In remote and very remote areas the stock deterioration of ICHOs which are not receiving any financial support for maintenance is likely to be chronic, probably with a very high proportion of dwellings in substandard condition; Whilst Governments have been introducing maintenance grants in recent years, the amounts provided are not sufficient to prevent further deterioration.</td>
<td>Organisations receiving maintenance grants could be required to comply with performance criteria pertaining to:  - financial control and reporting;  - rent setting policy and revenue effort;  - arrears and default management;  - stock retention and maintenance. (see above)</td>
</tr>
</tbody>
</table>
### Issue

<table>
<thead>
<tr>
<th>Management</th>
</tr>
</thead>
</table>

The average management expenditures by SOMIHs is comparatively high and is 40% higher than their average maintenance expenditure and some 2.3 times that which very remote ICHOs spend on this function (note: the sample on inner and outer regional ICHOs is too small to make reliable comparisons).

It is very likely that management expenditures for remote and very remote ICHO’s are not sufficient. It is suspected that the housing management capabilities of at least 80% of ICHO’s is inadequate. Diseconomies of scale are a major factor affecting ICHO expenditures in this area. Whilst a number of States are making efforts to assist ICHO’s to develop their management capabilities, this process is in its infancy.

<table>
<thead>
<tr>
<th>Policy Implication/Suggestion</th>
</tr>
</thead>
</table>

For SOMIHs, there needs to be a concerted effort to reign in housing management expenditures which seem particularly high in a number of jurisdictions.

The efficiency and equity issues identified in this report suggest the need for a national response.

The Australian Government could establish and fund a National Indigenous Housing Training and Development Centre. This Centre should be attached to an appropriate University, draw on existing programs and its courses should have tertiary diploma status.  

---

3 FaCs has suggested that funding under the Healthy Indigenous Housing Program could contribute to improving management information systems for ICHO’s
<table>
<thead>
<tr>
<th>Issue</th>
<th>Research Finding</th>
<th>Policy Implication/Suggestion</th>
</tr>
</thead>
</table>
| Management continued                 | The absence of both appropriate management information and professional housing management is firstly:  
  • due to the absence of a national prudential regime which has detailed reporting requirements irrespective of the source and/or provision or absence of funding support; and  
  • to a paucity of funds for the development and maintenance of appropriate management techniques.  
This paucity of funds is primarily a function of inadequate revenue arising from a combination of:  
  • current rent charging policies;  
  • diseconomies of scale; and  
  • a lack of clear, consistent, and longstanding management funding support aimed also at developing scale in ICHO housing management                                                                                                                                          | The Centre should focus upon delivering both longer and shorter courses in Indigenous Housing Management drawing heavily on existing Indigenous housing managers and delivering programs in culturally appropriate ways. The areas of study should cover;  
  • Corporate governance;  
  • Data base and records keeping management;  
  • Rent policy and arrears management;  
  • Revenue retention;  
  • Tenancy management and allocations;  
  • Asset management and refurbishment;  
  • ‘Hands on’ dwelling maintenance;  
  • Contract negotiations and tendering.  
The recurrent funding support could provide incentives for arrangements which coalesce the housing management of ICHOs into groups with more than 100 dwellings under management;  
New management and managers should be encouraged to credential themselves via the National Indigenous Housing Training and Development Centre;  
Funds could be available under this stream for travel and living expenses whilst undergoing housing management training; |
<table>
<thead>
<tr>
<th>Issue</th>
<th>Research Finding</th>
<th>Policy Implication/Suggestion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERFORMANCE INFORMATION IMPROVEMENTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial reporting</strong></td>
<td>Currently, ICHOs managing almost 50 per cent of this sector’s stock do not report on their incomes and expenditure.</td>
<td>The Australian Government could immediately request those ICHOs receiving housing grants, and which provide income and expenditure statements as a condition of the grant, to consent to their financial information being used for research purposes. This study’s financial analysis methodology could then be reapplied to these statements to further inform the situation with respect to major city, inner regional and outer regional ICHOs (in addition to further material on remote and very remote ICHOs).</td>
</tr>
<tr>
<td><strong>ICHO backlog</strong></td>
<td>Whilst it is not possible to be definitive about backlog requirements, doubt must be raised about previous estimates.</td>
<td>A program of identifying backlogs in repairs and maintenance and restoring existing dwellings to adequate standards needs to be implemented before new construction is addressed, otherwise the problems of accelerated deterioration will simply be transferred to a new generation of dwellings. As a priority, this program should first focus on those organizations not receiving grants. There needs to be a proper quantity surveyed assessment of current ICHO stock condition including dwellings requiring major upgrade and anticipated average cost per dwelling; dwellings requiring replacement and anticipated average cost per dwelling; and whether or not any funding program should provide weightings on capital support per dwelling for upgrading and replacement, by geography, and the extent of such weightings. This process should assess, by ICHO, the number of dwellings requiring upgrades and replacement and the perceived costs of each. Such an exercise could be funded by the Commonwealth and resourced and managed by the SOMIHs with independent consultants undertaking the actual analysis.</td>
</tr>
</tbody>
</table>
1 INTRODUCTION

1.1 Background

What do we mean when we talk about Indigenous Housing? In the context of this research the Productivity Commission’s\(^4\) definition appears to clarify the context in which the study will progress, viz;

- **Indigenous housing:** includes public rental housing targeted at Indigenous households and houses which are owned and managed by Indigenous community housing organisations and community councils in urban, rural and remote areas.

- **Indigenous community housing:** in addition to funding under the CSHA, Indigenous housing and housing-related infrastructure is funded through the Community Housing Infrastructure Program. State and Territory governments also provide funding from their own resources. (Productivity Commission, 2003)

So for the purposes of this study Indigenous Housing includes State sponsored Indigenous Housing provided by state owned and managed Indigenous organisations (SOMIH). It also includes Indigenous Housing provided by not for profit Indigenous community housing organisations (ICHOs).

It is clear that housing provision and policy targeted at Indigenous households in Australia raise important issues concerning appropriateness, effectiveness and accountability. Past attempts to address the very real and serious problems of Indigenous housing have had mixed outcomes, at best. The housing situation of Indigenous Australians is, by any measure, more problematic than that of other Australians, resulting in poorer health and community development outcomes. Policy makers have long recognised this fact and made a joint commitment to improve the delivery and standards of housing and related services in Indigenous communities.

Data from the AIHW (Indigenous Housing Indicators 2003/04 report), highlight the importance of not for profit provided Indigenous rental housing for Indigenous households. In 2003/04 nearly two-thirds of Indigenous households in Australia were in some form of rental housing with 37% of all Indigenous households obtaining their housing from the not-for-profit sector.

Some 1.8% of the Indigenous population were homeless on Census night and 5.5% live in overcrowded conditions, with fully 43% of low income Indigenous households paying more than 25% or more of their income in rent.

In 2003/04 the not for profit rental housing sector provided a total of some 34,442 dwellings of which 21,267, or 63%, were provided by Indigenous community housing organisations (ICHOs) and 12,859 (or 37%) by State Owned and Managed Indigenous Community Housing Organisations (SOMIHs).

The Department of Family and Community Services (FaCS), indicates that these 21,267 ICHO provided dwellings are managed by approximately 616 Indigenous organisations, with over 80% of the organisations managing 50 dwellings or less. NSW had the largest number of organisations (268) followed by Queensland (108).

The location of ICHO dwellings across Australia is heavily skewed towards rural and remote areas. In 2001, 4% of ICHO dwellings were located in major cities; 9% were in

inner regional areas; 17% were in outer regional areas; 13% were in remote areas; and 58% were in very Remote areas (ABS, 2002).

In contrast, in 2004, 34% of SOMIH dwellings were in major cities; 22% were in inner regional areas; 26% were in outer regional areas; 9% were in remote areas; and 9% were in very Remote areas (AIHW, 2005).

The Community Housing Infrastructure Needs Survey (CHINS), found that there were 4,024 permanent ICHO dwellings on discrete Indigenous communities needing major repairs with Queensland (1,326) having the largest number of dwellings followed by the Northern Territory (1,042). Western Australia (28%) had the highest proportion of dwellings requiring major repair followed by Queensland (23%) (ABS, 2002). In addition, 1,790 or 8% of permanent ICHO dwellings needed replacement. The largest number of these dwellings (650) was in the Northern Territory, followed by Queensland (490), and Western Australia (427). Meanwhile, Western Australia had the highest proportion of permanent dwellings needing replacement (13%), followed by South Australia (11%), and the Northern Territory (10%) (ABS, 2002). Overall, nearly 30% of all ICHO dwellings needed either a major repair or replacement.

Some ICHO permanent dwellings were not connected to an organised supply of water, sewerage or electricity. There were 344 dwellings in Australia not connected to water, 1,618 not connected to sewerage and 380 not connected to electricity. The NT had the highest proportion of dwellings not connected to services with 1.6% not connected to an organised water supply, 21.0% not connected to an organised sewerage supply and 2.4% not connected to an organised electricity supply.

New South Wales (4,088) had the largest number of SOMIH dwellings followed by Queensland (2,811) and Western Australia (2,325). There are no SOMIH dwellings in the Northern Territory or the Australian Capital Territory.

At best, jurisdictions are fighting just to maintain the SOMIH sector and in large parts of the ICHO sector asset quality is declining rapidly. Between 1999 and 2001, the ICHO sector only increased total expenditure on repairs and maintenance by 1%.

It is clear that the planned expenditure for ICHO repair, maintenance and upgrades will not meet backlog requirements measured in 2004, let alone liabilities incurred in the period 2004-09. Although some jurisdictions have sought to address this issue, there is no national approach to the resourcing or calculation of recurrent funding needs for the Indigenous housing sector.

As stated in the Northern Territory’ Position Paper (2004), poor housing and lack of essential services are undoubtedly amongst the primary underlying causes of ongoing Indigenous disadvantage. This research was commissioned to try to address the need to quantify the extent of the recurrent funding shortfall for both the ICHO and SOMIH sectors and to begin to analyse the extent of the capital funding backlog requirement.

1.2 Research Aims and Objectives.

This research project has been sponsored by SCIH and the Australian Housing and Urban Research Institute (AHURI). Somewhat differently to the normal research funding process, there is a fully developed brief prepared in conjunction with Standing Committee officers and SOMIH representatives. The aims of the project as set out in the original research brief were to:

- present a more accurate picture of the real cost in providing long-term Indigenous housing;
- assist in understanding why a cost differentiation exists between the provision of Indigenous housing and that of mainstream public and community housing; and
assist in planning, resource allocation and service delivery of not for profit Indigenous housing.

The final project plan approved by the Standing Committee and AHURI adopted the following research aims and objectives;

- development of an understanding of the real costs of providing long term Indigenous housing
- clarification of why cost differentiation exists between the provision of Indigenous specific public and community housing and mainstream public and community housing; and
- provision of information which will assist the development of future formulae for capital and recurrent funding applications.

1.3 Scope of the Work and Structure of this Report

This report sets out:

- a rationale for, and an explicit set of working definitions for cost and revenue components which can be used to assess operational surpluses/deficits for both ICHOs and SOMIHs;
- an analysis of:
  - the quantitative and qualitative differences between, clients, geographies and jurisdictions;
  - the reasons for these differences;
  - the revenue policy implications;
  - the expenditure issues; and
  - evaluation of the issues relating to capital and recurrent splits and possible future directions.

Section 2 discusses some key developments and elements of the national policy context focusing upon;

- the future supply of, and demand for, not for profit Indigenous housing;
- recent initiatives of Australian and State Governments; and
- current funding programs and arrangements

Section 3 discusses the process established for the research, practical changes which were required to the project plan to enhance the outcomes of the research, and the scope of the analysis. It then sets out a detailed presentation of the methodology used for the research including:

- development of the discussion papers including quantification method and spreadsheet development;
- Questionnaire development;
- Financial data obtained;
- Additional focus group process; and
- Spreadsheet and questionnaire support.

Section 4 discusses some general issues affecting the analysis.

Section 5 discusses the analysis results for SOMIHs by State.
Section 6 sets out a comparative analysis of key financial indicators for SOMIHs and the average for public housing in Australia.

Section 7 discusses some initial issues arising from additional research into ICHO reporting structures.

Section 8 sets out the analysis results for ICHOs including the results of the focus group sessions.

Section 9 presents the findings and conclusions and some possible areas for further development.
2 NATIONAL POLICY CONTEXT

2.1 The Demand For, and Supply of, Not For Profit Indigenous Rental Housing

As set out in the Northern Territory’s issues paper (2004), in October 2002, the Housing Ministers’ endorsed a multi-measure model that explores five dimensions of housing need. The framework endorsed by the Housing Ministers Advisory Committee (HMAC), includes quantitative and qualitative information on:

- Homelessness;
- Overcrowding;
- Affordability;
- Dwelling condition; and
- Connection to services (power, water and sewerage).

The Indigenous housing needs 2005: a multi-measure needs model\(^5\) report prepared by the AIHW provides the following overview:

- the Northern Territory, Queensland and NSW consistently feature as the States showing either a high proportion or high quantum of Indigenous housing need;
- a need for 33,119 additional bedrooms to address the overcrowding issue. Around 1,790 dwellings require immediate replacement. The report also identified major shortfalls in infrastructure and essential services provision; a conclusion backed up by the Productivity Commission in 2003 (PC 2003: 10.7-10.21).

Work undertaken as part of the COAG Indigenous Community Coordination Pilot at Wadeye in the NT by Dr John Taylor of the ANU (Taylor 2003)\(^6\) noted the twin effects of overcrowding and significant expected demographic change.

Taylor identifies the current housing stock at Wadeye as grossly overcrowded with effective occupancy levels of 11 persons to a house, rising to 16 persons to a house when non-habitable structures are excluded.

Taylor’s demographic projections for the Thamarrurr region over the next twenty years suggests that by 2023 its Indigenous population will increase by 88% to reach a total population of 3,833 which represents an increase of 1,800 people. Thus within one generation this community and its associated home-lands (which is typical of perhaps a score of the larger Indigenous communities in northern Australia) will almost double, and have a population greater than that of the present population of the mining town Nhulunbuy.

This projected population growth in crude terms represents, on conservative calculations, an additional requirement for 600 homes.

As stated in the Northern Territory’s report, this situation will be duplicated to varying degrees across all jurisdictions with remote Indigenous populations. This issue is not however only confined to the remote areas of Australia. Similar trends are also being observed in urban centres with growing Indigenous populations.

\(^5\) SCIH 2003, Multi Measure Modelling of Indigenous Housing Need
SCIH, recently reviewed and refined the multi-measure approach and found that between 2005 and 2009 there will be a demand for an additional 27,200 not for profit social housing dwellings due to the elimination of overcrowding, required dwelling replacement, extreme unaffordability, (more than 50% of income in rent), insecure housing, and projected population growth\textsuperscript{7}. Approximately 41.2% of this need (or 11,200 dwellings) will be in remote or very remote Australia and 58.8%, (or 16,000 dwellings) in metropolitan, inner-regional and outer regional Australia.

Turning to supply, SCIH has recently identified that the number of reported Indigenous households in mainstream public housing has risen dramatically from 6,339 in June 2000 to 11,087 in 2004, an increase in the order of 75\%\textsuperscript{8}, which is particularly significant in the context of a decline of 6.3\% in the number of non-Indigenous households assisted over the same four year period. The trend of increased responsiveness is broadly based.

The national stock of public housing dwellings has declined from 342,467 units in 2002 to 338,035 in 2004. In addition to this loss of more than 4,400 dwellings there is a general trend towards households retaining tenancies and thereby not creating historical levels of vacancies. Based on current trends, new allocations could decline from approximately 40,000 in 2001 to 16,000 in 2009. Increases in the targeting of assistance to Indigenous households are therefore unlikely to be sustained without new investment to support the expansion of public housing stock.

Jurisdictional projections indicate a very modest growth in the Indigenous housing sector.

SCIH projections for the period 2001-09 indicate an additional 4,078 Indigenous housing dwellings (75\% of these in ICHOs), plus a forecast increased effort from the mainstream public and community housing sector of 5,116 new allocations to Indigenous households. However, this is still inadequate in the context of an estimated unmet Indigenous dwelling gap of 4,549 dwellings in 2001, 5,425 dwellings in 2004 and 6,984 dwellings in 2009.

SCIH forecasts that between 2001 and 2009, an estimated 9,200 additional Indigenous households are expected to be living in social housing, comprising an additional 4,860 in mainstream public housing, 256 in mainstream community housing and an addition of 4,055 dwellings in the Indigenous housing sector\textsuperscript{9}.

Therefore by 2009, SCIH’s estimated Indigenous dwelling need gap is predicted to rise to approximately 18,000, despite a projected increase since 2001 of approximately 9,200 in social housing dwellings accessed by Indigenous households.

\begin{footnotesize}
\textsuperscript{7} This analysis can be seen as refining the former ATSIC analysis in Northern Territory position paper. It takes account of the impact of projected population increases and the continuation of current resourcing levels to 2009. Indigenous access to home ownership and private rental markets are assumed to be maintained in the same proportions until 2009. It focuses only on those households requiring a capital solution in social housing. The analysis draws on five measures of need:
\begin{itemize}
  \item homelessness;
  \item overcrowding in the social housing sector;
  \item social housing dwellings requiring replacement;
  \item reliance on insecure housing such as boarding houses and caravan parks which are dwindling in supply; and
  \item extreme affordability difficulty in the private rental market (defined as private rental households paying 50\% or more of their income in rent after RA).
\end{itemize}

The assumptions used and data limitations mean that the analysis is conservative. Overcrowding and poor condition faced by Indigenous home owners/buyers and private renters are not included in the analysis.

\textsuperscript{8} The number of Indigenous public housing tenants in NSW has not been included in these figures. If the estimated 8,700 Indigenous public housing tenants in NSW are included then the estimated increase in the number of Indigenous public housing tenants between 2001 and 2004 is 23\%.

\textsuperscript{9} This figure is comprised of 1,184 State owned and managed housing (SOMIH) dwellings and 2,871 are ICHO dwellings.
\end{footnotesize}
This is made up of:

- an estimated additional 7,600 dwellings required in remote Australia, representing only a 6% decrease since 2004;
- in urban Australia, the projected dwelling need gap is likely to climb to 10,400 properties by 2009, representing an 18% increase since 2004.

### 2.2 Recent Initiatives of Australian and State/Territory Governments

#### 2.2.1 Recent Australian and Joint Australian/State Initiatives

In 1992, COAG endorsed the National Commitment to Improved Outcomes in the Delivery of Programs and Services for Aboriginal Peoples and Torres Strait Islanders. This agreement identified Government responsibilities and provided a framework for the development of bilateral agreements to deliver specific programs and services, including housing, more efficiently and effectively.

In 1996 a meeting of Commonwealth, State and Territory Housing Ministers formed the Commonwealth State Working Group on Indigenous Housing to develop and implement a coordinated approach. The April 1997 Housing Ministers’ meeting focused on Indigenous housing issues and “… marked an important shift, with ministers acknowledging the nexus between improved housing for Indigenous people and improved health outcomes. Ministers agreed to give priority to maintenance of health-related aspects of housing such as water and waste disposal, to remove overlap and duplication in program administration, to improve data collection so that funds can be targeted to areas of greatest need, and to introduce voluntary rent deduction schemes.” (Report to Commonwealth, State and Territory Housing Ministers, May 2001, p15)

The Commonwealth-State Working Group on Indigenous Housing reported to Ministers at the 2001 Housing Ministers’ Conference on work in the areas of:

- Identifying and measuring Indigenous housing need;
- Improving coordination; and
- Building the Indigenous Community Housing Sector

The development of BBF was the key outcome of this meeting reflecting a continuing commitment to a coordinated national approach to improving Indigenous housing.

The focus of BBF is on:

5. identifying and addressing outstanding need;
6. improving the viability of Indigenous community housing organisations;
7. establishing safe, healthy and sustainable housing for Indigenous Australians, especially in Rural and remote communities; and
8. establishing a national framework for the development and delivery of improved housing outcomes for Indigenous Australians by state, territory and community housing providers.

As AIHW has identified, there were seven outcome areas in BBF:

1. **Better housing**—Housing that meets agreed standards, is appropriate to the needs of Aboriginal and Torres Strait Islander people, and contributes to their health and wellbeing.
2. **Better housing services**—Services that are well managed and sustainable

3. **More housing**—Growth in the number of houses to address both the backlog of Indigenous housing need and emerging needs of a growing Indigenous population

4. **Improved partnerships**—Ensuring Indigenous people are fully involved in planning, decision making and delivery of services

5. **Greater effectiveness and efficiency**—Ensuring that assistance is properly directed to meeting objectives, and that resources are being used to best advantage

6. **Improved performance linked to accountability**—Program performance reporting based on national data collection systems and good information management

7. **Coordination of services**—A whole-of-government approach that ensures greater coordination of housing and housing-related services linked to improved health and wellbeing outcomes.

As a result of BBF, by 30 June 2004 Indigenous Housing Agreements (IHAs) had been made by the Australian, State/Territory governments and ATSIC in all States except Western Australia.

IHAs were negotiated at different times and are not identical in their terms. As set out by Australian Department of Family and Community Services (FaCS) (2005), there are currently two types of agreements:

1. **Pooled funding agreements**—where FaCS funding is pooled together with State and Territory contributions, and the program planning, delivery and management is undertaken by the State / Territory. This arrangement aims to minimise the costs of program delivery through a single provider mechanism and to improve coordination between the State / Territory and Commonwealth programs. Pooled agreements are in place in WA, NSW, SA and the NT.

2. **Notional pooled funding agreements**—where FaCS and State/Territory governments coordinate planning and seek to identify where delivery can be integrated. Notional pooled agreements are in place in Qld and Vic.

The current primary operating framework for pooled agreements is as follows:

- a State/Territory Board or “Authority” comprised of Indigenous representation determined through both State / Territory and national mechanisms. These boards endorse strategic and annual operational plans for implementation of programs;
- a State/Territory based program manager responsible for support to the Board, implementing the program, and reporting to the parties on the same;
- Regional Housing and Infrastructure Plans (RHIPs) which provide the strategic direction and annual basis on which allocation decisions are determined;
- requirement for State/Territory and Commonwealth Ministerial approval of the annual operating and strategic plans; and
- an agreed funding contribution by the two parties for the length of the Agreement.

At the time of writing, FaCS anticipates Indigenous Housing and Infrastructure Agreements (IHAs), between the Australian Government and State/Territory governments will be finalised in early 2006.
agreements will be aligned with future Commonwealth/State Housing Agreements, (CSHA) due to be negotiated from 2007 onwards;

Indigenous representation in a policy advisory and priority setting role at State/Territory and regional levels should continue;

planning and reporting arrangements will be consistent with BBF and the National Reporting Framework; and

FaCs suggests it is the Australian Governments intention that these agreements will eventually lead to the State and Territory governments having full responsibility for service delivery for Indigenous housing and essential services, consistent with COAG principles.

In June 2004 COAG agreed to a ‘National Framework of Principles for Government Service Delivery to Indigenous Australians’, recognising the need for services to take account of local circumstances and to be informed by consultations and negotiation with local representatives. There are five main principles underlying the Government’s approach:

1. **Collaboration**: All Australian Government agencies are required to work together in a coordinated way.

2. **Regional Need**: Indigenous Community Councils (ICCs) will work with regional networks of representative Indigenous organisations to ensure that local needs and priorities are understood.

3. **Flexibility**: Program guidelines will no longer be treated as rigid rules, inhibiting innovation - though flexibility will not be introduced at the expense of due process.

4. **Accountability**: Improved accountability, performance monitoring and reporting are built into the new arrangements.

5. **Leadership**: Strong leadership is required to make the new arrangements work.

From 1 July 2004 the machinery of government has been redesigned and new structures put in place. The Australian Government’s Indigenous programs are now administered by mainstream agencies, but under a ‘whole-of-government’ approach. Important terms and concepts underlie the new approach. The website[10] presents six important concepts:

- ‘shared responsibility’—governments alone cannot fix Indigenous problems - all must share responsibility;
- ‘partnership’—shared responsibility requires real partnerships involving government and communities, as well as non-government organisations (NGOs) and the private sector;
- ‘whole-of-government’—all government policies and funds must be coordinated and used efficiently and strategically in cooperation with local communities;
- ‘regional focus’—service strategies must be shaped by the needs of particular regions and communities, not dictated nationally;
- ‘flexibility’—services and programs must become more flexible, so they can be adapted to local needs; and

---

• ‘outcomes’—the operation of policies, programs and service-delivery organisations will be scrutinised and judged on the results they produce for local Indigenous people.

Established on 1 July 2004, the Office of Indigenous Policy Coordination (OIPC) has a crucial role in developing and maintaining the new arrangements.

The Office is responsible for:

• coordinating whole-of-government innovative policy development and service delivery across the Australian Government;

• developing new ways of engaging directly with Indigenous Australians at the regional and local level;

• brokering relations with State/Territory Governments;

• reporting on the performance of government programs and services for Indigenous people to inform policy review and development;

• managing and providing common services to the ICC network; and

• advising the Minister and Government on Indigenous issues.

Further, in December 2004 Housing Ministers agreed:

1. To review all mainstream housing and related programs (in relevant State, Territory and Australian Government portfolios) with a view to achieving greater equity in resource allocations between Indigenous and non-Indigenous clients;

2. That all Jurisdictions place a greater emphasis on Indigenous Housing Management programs to focus on issues of sustainability; and

3. That HMAC develop options for increased investment in Indigenous housing subject to each option providing for:
   - The findings of the review of mainstream programs;
   - An equitable share of additional funding being provided by all jurisdictions;
   - Clear identification of the additional outcomes to be delivered;
   - Proposed delivery mechanisms that demonstrate a clear improvement on current arrangements;
   - Improved effectiveness of community housing management of maintenance;
   - Housing delivered through community participation which will build a sense of ownership and responsibility; and.

4. To consider these options at their meeting in 2005.

2.2.2 Recent State/Territory Government Initiatives

The CHINS survey 2005 summarised of progress on two main themes of BBF, namely:

• the policy or legislative requirement for the provision of assistance to ICHOs to develop and implement housing management plans; and

• strategies that have been implemented to assist organizations.

The results for each State/Territory are set out below.

Northern Territory
Two positions have been created in northern and southern regions to assist ICHOs develop housing management plans and deliver programs aimed at increasing the capacity of organisations to implement such plans.

The Indigenous Housing Authority of the Northern Territory (IHANT) conducted community workshops with ICHO-elected members and key staff on the development of housing management plans.

More specifically, IHANT developed a housing management plan template that can be provided electronically to ICHOs to assist them implement the planning process.

In conclusion there have been significant developments in four main areas;

- revenue retention and development;
- organisational capacity building;
- asset management and;
- Indigenous participation.

New South Wales

In order to be considered for funding, organisations need to be registered with the Aboriginal Housing Office (AHO) as well as demonstrating good management practices. In order to demonstrate good housing management practices, organisations are assessed against the Key Indicators for Assessing Aboriginal Housing Management. These indicators are chiefly designed as a means of establishing the acceptable performance level for organisations to be eligible for funding for new housing to ensure new housing assets are maintained in the longer term. The performance levels were reviewed by the AHO and there are now ten key indicators including a new training indicator. In order for an organisation to be considered for the full range of program components, it must meet seven of these ten indicators, including three mandatory indicators - rates arrears, liquidity and insurance. The remaining indicators, four of which need to be met, are development of policies, procedures and systems; rent levels; rent collection; rent arrears management; repairs and maintenance; audit status; and training.

The AHO has continued to strengthen the management capacity of Indigenous housing organisations. During 2003–04 the major achievements included:

- implementation of mandatory key performance indicators pertaining to liquidity, insurance, and rates arrears;
- finalisation of 14 housing agreements with funded organisations under the HACP.
- assistance to organisations in developing their own policies and procedures. This assistance was provided through such means as the HOME training package, special funding for policy development, and the distribution of an AHO sample policy document which organisations can further develop with community input.

The Management Model Project aggregates small providers in New South Wales in selected areas to provide more effective management and a reduction in operating costs. A funding agreement between the AHO and the Management Model Project includes clear benchmarks for provision for repairs and maintenance to ensure investment in upgraded assets is maintained.

During the past 12 months the AHO was successful in establishing three organisations under its Management Models Program. These are made up of 25 smaller Aboriginal Housing Organisations which manage 395 dwellings in the areas.
The year 2003–04 saw the AHO providing continuing systems support to Aboriginal housing organisations which were the recipient of computers and software aimed at building the information technology capacity of Aboriginal community housing management.

During 2001–2002 the AHO undertook the development of a set of standards for the New South Wales Aboriginal housing sector. These standards are the basis of best practice in managing the housing business of community based Aboriginal organisations.

During 2003–04 the Service Improvement and Accreditation team supported six organisations in completing an internal self-assessment using the self-assessment kit, which includes the developed standards, service improvement manual and self-assessment workbooks.

The AHO’s ‘Housing Our Mob Everywhere’ (HOME) Program aims at improving Aboriginal Housing workers’ tenancy and property management skills and has been continuously delivered for a number of years now.

The HOME program now leads to a TAFE qualification for those who choose this option. The accredited credential for HOME training and qualification is Certificate IV – Community Services (Social Housing).

Direct debit of rent continues to improve the AHO’s rental income stream and the overall viability of the Aboriginal housing sector. Australian benefit recipients are encouraged to use CentrePay for direct debit of rental payments to Aboriginal housing organisations. Housing organisations are also required under their AHO agreements to establish and promote direct debit payment.

Queensland

The Queensland Housing Act 2003 requires housing management plans as a pre-requisite for funding. The Assistance Agreements with 34 discrete Indigenous communities also requires that all councils develop and implement housing management plans.

All 34 of Queensland’s discrete communities have commenced the development of housing management plans.

Strategies to assist Queensland Deed Of Grant In Trust communities are drawn from the Queensland Department of Housing’s Community Housing Management Strategy. The goal of the strategy is to improve the effectiveness of community organisations as managers of community housing services.

South Australia

The Aboriginal Housing Authority, (AHA), will visit with all ICHOs to explain the updated version of the Community Housing Policy. The policy format has been modified to incorporate a training kit to enable housing officers to better understand and apply practices required by the AHA.

The AHA will continue to work with ICHOs that have yet to develop the required housing management plans. During 2003–04 a further three ICHOs developed plans, bringing the total to 31 communities with housing management plans.

The AHA developed a manual ‘Managing Our Housing’ to assist community councils, homelands and ICHOs develop the necessary policies and procedures to make the day-today management of housing easier.

Western Australia
Development and implementation of housing management plans is a funding condition for those community organisations which receive operational support funding from AHID (Aboriginal Housing and Infrastructure Directorate).

The Indigenous Housing Management System is being promoted as a tool to assist organisations manage their housing. Western Australia is also in the final stages of developing an accredited housing management training package for community housing officers.

**Revenue Retention and Development**

There has been an increased rent collection by ICHOs, with some 48% of organisations registered for automatic rent deduction, and an increase in rent charged and collected. Between 1999 and 2001, total rent collected by ICHOs increased by 15% (SCIH, 2003, ABS, 2002).

**Organisational Capacity Building**

The proportion of Indigenous employees in ICHOs who had completed accredited training in housing management was fairly low, except for South Australia where 96.2% of employees had completed accredited training.

The proportion who have completed training was lowest for FaCS administered ICHO dwellings in Victoria (0%), followed by FaCS administrated ICHO dwellings the Australian Capital Territory (16.7%), and in Queensland (22.6%).

The lowest proportion undertaking training was in state administered ICHOs in New South Wales (6.1%) and FaCS administered ICHOs in Queensland.

Implementation of national qualifications (at Certificate III and IV level) in partnership with education and training providers under the National Skills Development Strategy (NSDS) occurs in New South Wales, Queensland and Western Australia. The New South Wales Aboriginal Housing Office has developed the Certificate IV in Social Housing and facilitated delivery through a registered training organisation and developed the ‘Housing Our Mob Everywhere’ course under the NSDS.

**Asset Management**

Strategic asset management programs have been developed to address the backlog of repairs and maintenance on ICHO dwellings, for example in New South Wales, Western Australia, the Northern Territory, and Victoria and implementation of housing management plans in 55% of ICHOs in 2001 (ABS, 2002).

Coordination of repairs and maintenance programs has occurred across mainstream and Indigenous housing portfolios in for example Queensland, Victoria and New South Wales.

A review of progress achieved to date on the National Framework for Design, Construction and Maintenance of Indigenous Housing has been conducted, with a particular focus on quality control across jurisdictions and the functionality of dwellings.

**Indigenous Participation**

There is now community representation on all jurisdictional Indigenous housing planning bodies.
2.3 Developments in Funding Arrangements and Programs

2.3.1 Current Funding Arrangements

The two main Indigenous-specific forms of social housing are, as noted above:

- **State owned and managed Indigenous housing (SOMIH)—**managed by state governments with funding provided by the Commonwealth State Housing Agreement

- **Indigenous community housing (ICH)—**managed by Indigenous community housing organisations (ICHOs) with funding provided by both the states and the Australian Government.

SOMIH is the responsibility of the state governments and is funded through the Commonwealth–State Housing Agreement. SOMIH is provided in six states—New South Wales, Victoria, Queensland, Western Australia, South Australia and Western Australia.

ICH administrative arrangements are more complex and vary across the jurisdictions. In some jurisdictions, only the Australian Government is involved in the administration of ICH; in some only the states are involved; and in others both the relevant state and the Australian Government are involved.

The Australian Government, through FaCS (formerly through ATSIS), is directly responsible for the administration of ICH in four jurisdictions—Queensland, Australian Capital Territory, Victoria and Western Australia. In Victoria and Western Australia there is only FaCS-administered ICH housing, while in the Australian Capital Territory Queensland and Tasmania, some ICH housing is administered by FaCS and some by the state or territory government. In the four remaining jurisdictions—New South Wales, Western Australia, South Australia and the Northern Territory—funding from the relevant state and the Australian Government is pooled and the state or territory government is responsible for the administration of ICH.

2.3.2 Australian Government Indigenous Housing Programs

FaCS through its website sets out the range of Indigenous Housing Programs provided by the Australian Government. These are:

**Aboriginal Rental Housing Program (ARHP)**

This program is funded through the CSHA. ARHP funds are directed to Rural and remote areas where there are no public or private markets. The funding is provided to State and Territory Governments to provide safe, healthy and sustainable housing specifically for Indigenous people.

**Community Housing and Infrastructure Program (CHIP)**

The purpose of FaCS Community Housing and Infrastructure funding is to supplement efforts of State and Territory governments through providing additional adequate, appropriate and sustainable rental housing for Indigenous people, including:

- construction and purchase; renovations / upgrade of community owned and managed rental housing;
- provision of serviced land, repairs and maintenance of existing housing stock; and
- supplementing management costs of housing stocks where rental income / service charges are not sufficient to meet these costs.
Other eligible purposes include:

- water supply;
- power supply;
- sewerage services;
- internal roads and drainage;
- waste disposal facilities;
- renewable energy and
- other housing related infrastructure

To be eligible for housing and infrastructure funding from FaCS organisations are required to have a business plan and this should be provided with the funding submission. These business plans must include appropriate rent collection charging policy and practices\(^\text{11}\). The development of business plans may be funded under the Community Housing and Infrastructure output.

The Housing and Infrastructure output funding is delivered through a multi layered approach involving national, state / territory and regional delivery

**National Aboriginal Health Strategy (NAHS)**

The NAHS is a capital works program designed to improve environmental health by upgrading or providing new sustainable infrastructure and priority housing. It targets funding to communities in greatest need, as demonstrated by housing need surveys, Indigenous Community Housing Organisations (ICHOs) housing waiting lists, census data, project impact assessments and reports from NAHS contracted program managers.

**Fixing Houses for Better health (fhhb)**

The FHBH\(^\text{12}\) is a national project aimed to secure better health for Indigenous Australians, particularly those living in Rural and remote communities, by improving the physical housing environment in which they live. The project involves tradesman working with community members to undertake minor repairs to health hardware. The project encourages householders to perform healthy living practices and assume responsibility for ongoing maintenance once health hardware has been fixed.

The FHBH project is delivered through national contractual arrangements with Healthhabitat.

**Army Aboriginal Community Assistance Program (AACAP)**

AACAP utilises the resources and expertise of the Army to project manage housing and infrastructure related capital improvements in remote Indigenous communities. AACAP funding is provided for projects involving capital construction or upgrade of water supplies and reticulation systems, wastewater management, solid waste management, sewerage systems, priority housing, power generation, and reticulation systems and transport infrastructure.

AACAP projects benefit from contributions made by the Army including salary costs of Army personnel, capital costs of Army equipment, and military transport support.

\(^{11}\) As previously noted rent collection policy will be considered at a national level in 2006

\(^{12}\) Funding has improved since 2003/04 and now includes $102.8million
AACAP generally target projects located in northern and central Australia and will be implemented in at least one community each year from 2005 to 2009. The location of the AACAP projects will be determined by IHIB in consultation with the Army.

**Municipal Services Output Program (MSOP)**

Many Rural and remote Indigenous communities do not receive funding from State / Territory or local governments to cover the costs of these services. Those that do often require additional funding to address a legacy of under-servicing, or the high costs associated with remote area service delivery.

FaCS provides funding under this program to enable the provision of essential municipal services by supplementing the efforts of State, Territory and local governments to ensure Indigenous people have access to essential services consistent with and appropriate to their needs. Funding is provided for power, water and sewerage operation and maintenance, road maintenance, aerodrome maintenance, waste disposal, landscaping and dust control and management of infrastructure and municipal services.

Municipal services funding is for recurrent items and minor capital items (up to $2,000) and it is expected that larger capital items will be funded under CHIP.

2.3.3 **State/Territory Government Indigenous Housing Programs (excluding ARHP funding)**

**Northern Territory**

As set out in their annual report IHANT provides four main programs

**Maintenance Program**

Essentially, the maintenance Program provides funds on a formula of $1,700 per house. This grant is provided to housing organisations provided that the required, agreed level of rent is collected, that the funds are used for the maintenance of houses and that the accounting for the Program is transparent in the community.

**Establishment Program**

The Establishment Program comprises four key components:

- Development and implementation of a detailed 5-year community housing management plan.
- Establishment of a housing administration system.
- Housing management training for Aboriginal housing administration officers, Aboriginal community leaders and their staff.
- The development of an environmental health strategy.

**Serviced Land Availability Program**

This program deals with outcomes, outputs, performance criteria and resources applicable to the provision of aerial photography, mapping, the preparation of community endorsed plans of new housing lots for the Construction Program (Land Servicing) and forward land use planning studies.
**Carry Over ARHP**

Recurrent funding allocated by Regional Councils to organisations managing urban living areas is a carry over from the Aboriginal Rental Housing Program (ARHP). It is allocated to meet part of the costs of running a housing office.

Whilst there is some component of recurrent funding of ICHOs in four States, only Western Australia has a broad-based recurrent funding support program.

**New South Wales**

As set out in the AHO’s, Annual Report, it has three programs which provide grants to ICHOs for:

- Housing and land acquisition and construction;
- repairs and maintenance; and
- administrative expenses, although only two organizations were provided with this funding in 2003/04)

In 2003/04, 17 organisations received capital grants of which 3 also received repairs and maintenance grants and 1 an administrative grant, a further 55 repairs and maintenance grants, and a further 1 an administrative grant with a total of 73 ICHOs receiving some form of assistance.

In addition using ARHP grants the AHO directly acquired 18 dwellings, including one in Wagga Wagga for a client with special needs (see the following case studies). All acquisitions were successfully completed within the program year.

Thirty-one per cent of program expenditure was directed to recurrent programs and 69 per cent to capital programs.

**Queensland**

The Queensland Department of Housing’s 2003/04 Annual Report sets out the Queensland Government’s Indigenous Housing Programs.

The Department’s Aboriginal and Torres Strait Islander Community Program provides capital grant funding to 34 Aboriginal and Torres Strait Islander Councils to assist in improving housing within these communities.

Grants in 2003/04 were allocated to discrete Indigenous communities for the construction of 61 dwellings and the upgrade of 59 dwellings.

In addition, the Program provides support for housing management and capacity building to the 34 Aboriginal and Torres Strait Islander councils through the Community Housing Management Strategy.

**South Australia**

In 2001, the South Australian AHA established a formal in-house bid process to promote Indigenous Community Housing Organisations within the construction industry. The process allows ICHOs to submit competitive tenders for capital or recurrent maintenance works.
As a result, ICHOs are able to complete community based projects and promote the employment of Indigenous people within their community. In 2004, three ICHOs submitted successful tenders for the in-house bid process.

**Indigenous Community Housing Program**

The Indigenous Community Housing Program provides newly constructed houses, property upgrades, project management and administrative support to 46 ICHOs across South Australia. These ICHOs manage properties in 57 discrete Aboriginal communities and homelands.

Once properties are constructed, title is transferred to the ICHO. In 2003–04, the ICHOs managed 960 houses, an increase of 18 properties.

In 2004–05, 38 ICHOs will receive a grant for Community Administration; the AHA has allocated $400,000 for this purpose. This funding can be expended for salaries for housing officer positions, worker's compensation insurance, superannuation contributions, office expenses and travel costs. ICHOs will be expected to demonstrate, on a six-monthly basis, where the funding has been spent, using the Community Housing Reporting template developed by the AHA.

**Western Australia**

*Programs and Services, 2005,* on Homeswest’s website, documents the Western Australian approach. Western Australia provides three main programs.

**The Community Construction Program (CCP)**

This program provides for the design and construction of new housing and selective maintenance within discrete Aboriginal Communities where there are limited opportunities for housing assistance. Communities are encouraged to have a major input into the design and siting of their housing. Funding for the Community Construction Program is determined by the Aboriginal Housing Board, and is based on demonstrated need due to, overcrowding, deficiency in housing stock and the condition/amenity level of existing housing. The program was developed in consultation with ATSIC regional councils to ensure services are available and to complement ATSIC programs. The community should have a housing management plan in place, or being developed.

**Remote Area Essential Services Program (RAESP)**

RAESP provides a vital repair and maintenance service for power, water and wastewater systems to 62 selected remote Aboriginal communities in Western Australia.

RAESP Service Providers visit each of the 62 communities every 6-8 weeks to check water, power and wastewater facilities and to rectify any problems. Water testing for impurities is also carried out on a monthly basis. They also provide an emergency call out service for breakdowns. RAESP is a crucial program, and it is intended that the service will be expanded to cover up to 72 communities within the next 2 years. Approximately $5 million is spent on RAESP per annum.

**Management Support Program (MSP)**

The Management Support Program (MSP) aim is to assist Aboriginal community organisations to address issues to do with management, repairs and maintenance of their housing stock. This is done on a contractual basis with the community. MSP consists of two components, these are the:
• Development of skills in repairs and maintenance; and
• Development of appropriate systems and skills to enable the community to manage their houses effectively.

The key objectives of the Program are:
• to assist aboriginal community organisations to develop housing management plans;
• to contribute to a culturally appropriate remote area housing management infrastructure;
• to provide training and employment opportunities for local aboriginal people; and
• To allocate capital upgrading resources to Aboriginal community organisations on a rational basis.

To be eligible for consideration for MSP, a community must be able to demonstrate:
• it has a Community Council which is operating satisfactorily;
• Community by-laws are in place;
• a system for payment of water and power charges is in place;
• a rent collection system is in place;
• CDEP is in place; and
• housing management is practised.
• Where major infrastructure issues, i.e. sewerage, water, power exist, AHIU will consider MSP as a coordinated approach with other agencies

Aboriginal Communities Strategic Investment Program (ACSIP)

ACSIP is located in the Ministry of Housing’s Aboriginal Housing and Infrastructure Unit and is resourced by a Manager and four staff. The three primary functions of the program are:
• advisory – provision of advice to communities, government and other stakeholders;
• coordination – across-government coordination of programs, policies and resources; and
• funding – provision of capital and recurrent funds for selected projects.

Although capital and recurrent funding is limited, ACSIP will consider need in the following areas:
• engaging relevant expertise to assist improvements in community management and administration, including financial systems;
• engaging training expertise to improve community councillors and staff skills;
• employing key administrative person and associated costs such as accommodation;
• engaging expertise to develop service agreements with Shires;
• establishment of municipal infrastructure, administration centre or staff housing;
• Upgrading municipal infrastructure e.g. airstrip, rubbish collection system, internal roads.
• supplementary funding to assist with essential service operational efficiencies e.g. training, metering, energy audits; and
• interim municipal recurrent funding e.g. recreation officer, road maintenance.

### 2.3.4 Key Funding Outcomes

Tables 1 and 2 set out the Australian Government and total State Government financial contributions to permanent not for profit Indigenous Housing in 2003/04.

#### Table 1 Summary Of 2003/04 Australian Government Funding For Housing, and Infrastructure For Long Term Not For Profit Rental Housing For Indigenous People

<table>
<thead>
<tr>
<th>Program</th>
<th>$M 2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indigenous specific social housing</strong></td>
<td></td>
</tr>
<tr>
<td>Aboriginal Rental Housing Program (ARHP) a tied program under the Commonwealth State Housing Agreement (CSHA)</td>
<td>93.0</td>
</tr>
<tr>
<td>Community Housing and Infrastructure Program including National Aboriginal Health Strategy (NAHS) and the Army Community Assistance Program (ACAP)</td>
<td>159.0</td>
</tr>
<tr>
<td>Fixing Houses for Better Health (FHFHB)</td>
<td>5.0</td>
</tr>
<tr>
<td>FaCS governance initiative (new from 2005-06)</td>
<td>14.0</td>
</tr>
<tr>
<td>Other CSHA funds (excluding Qld)</td>
<td>31.1</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>302.1</strong></td>
</tr>
<tr>
<td><strong>Indigenous specific infrastructure and environmental health</strong></td>
<td></td>
</tr>
<tr>
<td>CHIP – infrastructure and environmental health</td>
<td>43.2</td>
</tr>
<tr>
<td>Other Australian Government</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>49.5</strong></td>
</tr>
<tr>
<td><strong>Estimate of mainstream community and public housing – Indigenous access</strong></td>
<td></td>
</tr>
<tr>
<td>CSHA funds</td>
<td>73.3</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>73.3</strong></td>
</tr>
<tr>
<td><strong>TOTAL AUSTRALIAN GOVERNMENT PROGRAMS</strong></td>
<td><strong>424.9</strong></td>
</tr>
</tbody>
</table>

Source: Standing Committee On Indigenous Housing, October 2005, Unpublished Report

#### Table 2: Summary Of 2003/04 Total State/Territory Government Funding For Housing, and Infrastructure For Long Term Not For Profit Rental Housing For Indigenous People

<table>
<thead>
<tr>
<th>Program</th>
<th>$M 2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indigenous specific social housing</strong></td>
<td></td>
</tr>
<tr>
<td>State and Territory funds (excluding Qld)</td>
<td>79.4</td>
</tr>
<tr>
<td>Qld (combined other CSHA and State funds)</td>
<td>33.6</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>113.0</strong></td>
</tr>
<tr>
<td><strong>Indigenous specific infrastructure and environmental health</strong></td>
<td></td>
</tr>
<tr>
<td>Estimate of mainstream community and public housing – Indigenous access</td>
<td>88.5</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td><strong>11.3</strong></td>
</tr>
<tr>
<td><strong>TOTAL STATE/TERRITORY GOVERNMENT PROGRAMS</strong></td>
<td><strong>212.8</strong></td>
</tr>
</tbody>
</table>

Source: Standing Committee On Indigenous Housing, October 2005, Unpublished Report

Examples of responses to improve the lifecycle of dwellings and financial viability of the sector during the development and the implementation of BBF include:

• A one-off injection of $75M through ARHP between 2001-02 and 2004-05;
• The use of ARHP funds for recurrent and well as capital purposes and the development of recurrent funding strategies for ICHO maintenance in jurisdictions such as Western Australia, Northern Territory and South Australia;
• There are significant expenditure commitments for repairs, maintenance and upgrades.
As illustrated in Table 3, jurisdictions are planning to spend an estimated $599M\textsuperscript{13} over the next five years on repairs, maintenance and upgrades against an estimated cost of $539M for the backlog of repairs, maintenance and upgrade of ICHO and SOMIH dwellings in June 2004. Some $382M of this projected expenditure is directed to remote areas and $379M to the ICHO sector in response to the poorer condition of ICHO and remote stock.

Table 3: Comparison of Backlog of Repairs, Maintenance and Upgrades @ 30 June 2004 for ICHO and SOMIH Dwellings With Projected Expenditure 2004-09\textsuperscript{14}

| Jurisdiction | ICHO remote | | | ICHO urban | | | | | |
|--------------|-------------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|
|              | Backlog @2004 $M | Projected Expenditure 2004-09 $M | Expenditure as% of backlog | Backlog @2004 $M | Projected Expenditure 2004-09 $M | Expenditure as% of backlog |
| NSW          | 10.0        | 25.8      | 258       | 124         | 47.7      | 38         |
| Vic          | n.a.        | n.a.      | n.a.      | 1.7         | ND        | ND         |
| Qld          | 80.4\textsuperscript{15} | 63.7      | 79        | ND          | ND        | ND         |
| WA           | 23.4        | 96        | 410       | 1           | 3.0       | 296        |
| SA           | 31.2        | 25        | 60        | 9.2         | 6.8       | 74         |
| ACT          | n.a         | n.a.      | n.a.      | .3\textsuperscript{17} | ND        | ND         |
| Tas          | n.a         | n.a.      | n.a.      | 9.2         | ND        | ND         |
| Aust         | 318.4       | 318.5     | 100       | 151.9       | 60.9      | 40         |

| SOMIH remote | | | | SOMIH urban | | | | |
|--------------|-------------|-----------|-----------|-------------|-----------|-----------|-----------|
|              | Backlog @2004 $M | Projected Expenditure 2004-09 $M | Expenditure as% of backlog | Backlog @2004 $M | Projected Expenditure 2004-09 $M | Expenditure as% of backlog |
| NSW\textsuperscript{18} | 2.2         | 10.6      | 481       | 11.8        | 22.6      | 191        |
| Vic\textsuperscript{19} | 0.2         | 0         | 0         | 8.2         | 22.7      | 276        |
| Qld          | 7.9         | 31.0      | ND        | 14          | 55.1      | ND         |
| WA           | ND          | 18        | ND        | ND          | 16.5      | ND         |
| SA           | 4.2         | 4.7       | 112       | 20.2        | 38.9      | 192        |
| Tas\textsuperscript{20} | ND          | ND        | ND        | ND          | ND        | ND         |
| Aust         | 14.5        | 64.3      | 421       | 54.2        | 155.8     | 269        |

Source: Standing Committee on Indigenous Housing, October 2005, Unpublished Report Note Figures have been rounded down

\textsuperscript{13} This figure may be an underestimate, as it does not include all ICHO rental income going to maintenance. Based on previous data this may be an underestimate of some $30M. NT is the only jurisdiction which has explicitly included ICHO rental income in this calculation. The NT assumes a $10M annual contribution to maintenance from ICHOs.

\textsuperscript{14} Note these figures exclude any directly FaCS funded expenditure on repairs, maintenance and upgrades.

\textsuperscript{15} Includes FaCS ICHO data which does not provide remote/urban split.

\textsuperscript{16} NT figures include $10M ICHO rental income, which is expected to be spent on maintenance.

\textsuperscript{17} Based on FACS data only.

\textsuperscript{18} NSW SOMIH data excludes R and M and only covers upgrades.

\textsuperscript{19} Need data in Victoria does not include responsive maintenance – only planned maintenance and upgrades

\textsuperscript{20} Western Australia report expenditure on SOMIH dwellings for maintenance and upgrades in 2003-04 of $603,560. SOMIH dwellings are maintained as part of Housing Western Australia’s mainstream maintenance program. However, separate figures will be available for SOMIH will be available after the completion of the Aboriginal Housing Service Western Australia Strategic Asset Management Plan in 2005-06.
3 RESEARCH PROCESS AND METHOD

3.1 Research Control and Management

This project encompasses the Australian Government (FaCs) and all Australian State and Territory owned and managed Indigenous Housing, as well as a sample of ICHOs. The project was sponsored by SCIH, a Sub-Committee of the HMAC. On 11 October 2004, the Chair of SCIH wrote to the CEO’s of all relevant State/Territory Government Indigenous housing operations requesting their agreement to participate in the study and asking for a nominee for the Liaison Committee (copy of letter contained in Attachment 1).

All agreed to participate and nominated contact officers (contact list in Attachment 2).

As a result a User Group was established with representatives of FaCS, an officer attached to SCIH, representatives of State and Territory owned and managed Indigenous Housing, senior academics and an AHURI representative. SCIH arranged for the establishment of contact officers in FaCS, the SOMIHs and assisted with the choice of ICHOs for the spreadsheet and questionnaire sampling. The User Group and Contact Officer Group (COG) has:

- reviewed and commented upon the discussion papers prepared on the research method and process;
- determined the appropriate definitions for establishing operating deficits (upon receipt of the discussion paper produced by the researchers);
- agreed on the final form of capital and recurrent spreadsheets to be distributed to SOMIHs and ICHOs,
- agreed the period for analysis, and the geographic structuring of the sample ICHOs;
- agreed upon variations to the method of sampling, to the sampling structure and numbers discussed in the project plan;
- reviewed and commented upon the draft questionnaire for SOMIH and ICHOs: and will;
- review and comment upon the final report’s policy options discussion.

3.2 Project Process

Discussion papers No. 1 and 2 were distributed to the User Group and the Liaison Committee members on 12 December 2004 requesting comments by 7 February 2005.

During the preparation of the discussion papers a number of issues emerged.

Firstly, it became apparent that:

- some SOMIH organisations had been in existence as separate entities from mainstream public housing organizations for three years or less. From a review of the published accounts it was obvious that the information contained within them was insufficient for the analysis contemplated in this study and that a better result would be obtained if spreadsheets were prepared and the liaison officers asked to arrange for them to be filled in.
- secondly, a single questionnaire could be designed that would fulfill the purposes of the proposed questionnaires 1 and 2 and the study outcomes would be enhanced by such an approach;
• thirdly because of the short life of some State-based IHOs any period of analysis longer than 3 years would be problematic;

• fourthly, FaCS provided the researchers with a spreadsheet on the distribution of dwellings managed by non-government ICHOs in the six States of Australia. It became obvious that a sample of 24 ICHOs would be far from sufficient to satisfactorily replicate the current geographic distribution, and also provide for all States and small and large non-government ICHOs. To get close to the current geographic distribution and to provide for the possibility of at least the same number of small and larger ICHOs to participate in each jurisdiction required a sample of at least 61 non government ICHOs. Table 4 summarizes.

<table>
<thead>
<tr>
<th></th>
<th>Major Cities</th>
<th>Inner Regional</th>
<th>Outer Regional</th>
<th>Remote</th>
<th>Very Remote</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NSW</strong></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>VICTORIA</strong></td>
<td>1</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>WESTERN</strong></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>AUSTRALIA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SA</strong></td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>WA</strong></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>QUEENSLAND</strong></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>NT</strong></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>7</td>
<td>10</td>
<td>12</td>
<td>8</td>
<td>24</td>
</tr>
</tbody>
</table>

**Existing Distribution**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NSW</strong></td>
<td>7%</td>
</tr>
<tr>
<td><strong>VICTORIA</strong></td>
<td>15%</td>
</tr>
<tr>
<td><strong>WESTERN</strong></td>
<td>25%</td>
</tr>
<tr>
<td><strong>AUSTRALIA</strong></td>
<td>12%</td>
</tr>
<tr>
<td><strong>SA</strong></td>
<td>42%</td>
</tr>
</tbody>
</table>

**Proposed Sample**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NSW</strong></td>
<td>11%</td>
</tr>
<tr>
<td><strong>VICTORIA</strong></td>
<td>16%</td>
</tr>
<tr>
<td><strong>WESTERN</strong></td>
<td>20%</td>
</tr>
<tr>
<td><strong>AUSTRALIA</strong></td>
<td>13%</td>
</tr>
<tr>
<td><strong>SA</strong></td>
<td>39%</td>
</tr>
</tbody>
</table>

Source: Australian Government Department of Family and Community Services- March 2005, Unpublished data

There was no disagreement from either the User Group or Contact Officers Group with the proposed method of financial analysis or the definitions contained within the discussion papers. As a consequence it did not prove necessary to prepare a summary paper as there were no items requiring resolution.

A standard spreadsheet for both State ICHOs and non government ICHOs was prepared as was an electronic questionnaire for the same two audiences. Also included was a short paper on the proposed changed approach to the sampling. These drafts were distributed to the User Group and Victoria for comment prior to them being circulated to all State Organisations and the sample group of non government ICHOs. In conjunction with this development FACS was asked to assist with the sampling of non-government IHOs in areas where State Organisations are not significantly involved.

No comments were received on the proposed spreadsheets. Comments on the draft questionnaire are contained in Attachment 3.

Subsequent to these comments the questionnaires were substantially rewritten and provided to the Australian Government. A copy of the final spreadsheets and questionnaires is contained in Attachment 4 and 5.

It was agreed that the best way to facilitate non-government IHOs participation and responses was to request FACS to assist with setting up the sample and distributing the Spreadsheets and Questionnaires in those jurisdictions where the Government ICHOs do not exist or are not substantially involved. FACS agreed to assist.
A similar process was instituted with the relevant SOMIHs in NSW, South Australia, Western Australia, and Queensland.

### 3.3 Changes to Project Components and Project Plan

#### 3.3.1 Components as outlined in Project Plan

In summary the project components were to comprise:

- establishment of the Liaison Committee;
- preparation of discussion paper No 1 (quantitative method) and No 2 (sampling and length of analysis issues);
- paper on agreed method;
- provision of published accounts;
- finalization of questionnaires;
- review of questionnaires by User Group;
- distribution of questionnaires to State and Non Government IHOs;
- face to face interviews;
- analysis of questionnaire returns and financial information;
- draft final report.

#### 3.3.2 Components as Finally Agreed by User and Contact Groups

The final components of the project method were:

- establishment of User And Contact Groups;
- preparation of discussion paper No 1 (quantitative method) and No 2 (sampling and length of analysis issues);
- increase in ICHO sample size from 36 to 61 plus 6 SOMIH and 6 public housing authorities;
- finalization of spreadsheets and questionnaires;
- electronic distribution of spreadsheets and questionnaires by Contact Group rather than face to face interviews;
- addition of the conduct of a focus group session with small ICHOs;
- addition of a review of current ICHO reporting requirements;
- a focus group was held with a selected number of representatives from ICHOs in Queensland, Northern Territory and N.S.W.;
- clarification and unification;
- analysis of spreadsheet and questionnaire returns; and
- draft final report

### 3.4 Quantification Process

After obtaining all this information and making all the relevant adjustments the actual amounts received and spent for the core items in the spreadsheets were calculated for each year for each SOMIH and ICHO.
The relevant number of dwellings was also incorporated. These amounts were then divided by the relevant dwelling number to obtain the per unit outcome.

To bring to June 2004 Dollars all the per unit outcomes were then adjusted by the average Consumer Price Index for all capital cities for Australia for the period June 2001 to June 2004.
4 ANALYSIS RESULTS: GENERAL ANALYSIS ISSUES

4.1 State Owned and Managed Indigenous Housing

Whilst spreadsheet returns were received from all SOMIHs many of the States did not have the necessary information to comprehensively complete the associated questionnaires. For this reason it was not possible to undertake a substantial analysis of many of the reasons for the cost differences between the different SOMIHs and public housing. This analysis does not include the Northern Territory or Australian Capital Territory, as they do not have SOMIHs.

A comprehensive analysis has however been conducted on the reasons for the revenue differences which exist and on cost issues pertaining to:

- stock condition:
- asset restoration and asset backlogs
- maintenance expenditure.

In addition, detailed quantitative comparisons have been made between the SOMIHs and public housing averages.

4.2 Indigenous Community Housing Organisations

Unfortunately despite an extensive approach and liaison process insufficient returns were received from ICHOs (with the exception of very Remote ICHOs), for the results to be statistically robust.

Even with those returns that were received information could not be provided on many of the cost differences.

However analysis has been attempted on revenue differences due to:

- rent setting policies;
- household composition, and
- defaults.

On operating costs we have examined;

- economies of scale and housing management issues;
- rates, debt and depreciation.

As far as capital issues and differences are concerned we were able to look at”

- maintenance expenditure and stock deterioration;
- stock condition; and
- asset restoration and asset backlogs.

In addition, detailed quantitative comparisons have been made between public housing, SOMIHs and ICHO averages.

Finally the results of the outcomes of the focus group discussion with representatives from small ICHOs in Queensland, New South Wales and the Northern Territory are described.
5 ANALYSIS RESULTS: STATE OWNED AND MANAGED INDIGENOUS HOUSING

5.1 New South Wales

(a) Quantitative

Changes in net incomes

Graph 1 traces real net income per dwelling unit over the period 2001/2002 to 2003/2004.

**GRAPH 1**

![Graph showing real incomes per dwelling unit for NSW SOMIH from 2001/02 to 2003/04](image)

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Office of NSW

1 Includes Indigenous Housing owned and operated by NSW but excludes any dwellings headleased or leased from third parties.

Over the study period (2001/02 – 2003/2004), operating incomes increased significantly in real terms from $3,837 to $4,473 or by almost $650 per dwelling. This represented a 16% increase over three years. Almost 100% of the increase in real incomes can be explained by increases in net rents, which grew by 17% from $3,800 to $4,445. Real rents constituted more than 99% of annual operating incomes throughout the decade.

Quantitative factors affecting operating incomes

There are 3 main factors contributing to the rapid increase in net rent received:

- changes in rent policy requiring a higher proportion of income in rent payments;
- higher average incomes arising from allocations to a broader range of incomes than occurs in public housing;
- the location of the majority of the stock: over 70% of SOMIH stock is located in metropolitan and inner regional locations with only 6% of stock in remote and very Remote contexts. This means average market rents for SOMIH stock are relatively high compared to other jurisdictions.
Expenditures and expenditure priorities

Graph 2 sets real net expenditures per dwelling unit over the period 2001/2002 to 2003/2004.

GRAPH 2

NSW SOMIH: REAL EXPENDITURES PER DWELLING
2001/02 - 2003/04: (June 2004)

The graph shows that real operating expenditures per dwelling have increased from $5,544 in 2002/2002 to $7,213 in 2003/04 or by a very large 30% nearly twice the rate of income increases. Real increases in salaries, and rates outgoings has been moderate with salaries expenditure per dwelling increasing from $836 to $906 (8.4%), and rates from $1,302 to $1,452, (11.6%). By far the most significant real increases in expenditure occurred in maintenance expenditure increasing from $1,260 to $1,890 (or by 50%). Total overhead increased in real terms by approximately 16%.

Reflecting these real changes in expenditure items, Graphs 3 and 4 set out the proportion of total operating expenditure occupied by each of the expenditure items for the years 2001/2002 and 2003/2004.
**GRAPH 3**

**NSW SOMIH: LINE ITEMS: PERCENTAGE OF REAL TOTAL INDIGENOUS HOUSING OPERATING EXPENDITURE PER DWELLING, (excluding rebates) 2001/02 (June 2004 Dollars)**

- 30.8% Bad Debts
- 16.1% Salaries & Employee Relat.
- 19.1% Depreciation
- 19.7% Maintenance
- 12.6% Rates
- 1.7% Admin. & Working

Source: Special Spreadsheet Returns –2005, Aboriginal Housing Office of NSW

**GRAPH 4**

**NSW SOMIH: LINE ITEMS: PERCENTAGE OF REAL TOTAL INDIGENOUS HOUSING OPERATING EXPENDITURE PER DWELLING, (excluding rebates) 2003/04 (June 2004 Dollars)**

- 29.9% Bad Debts
- 17.9% Salaries & Employee Relat.
- 15.5% Depreciation
- 23.4% Maintenance
- 11.2% Rates
- 2.1% Admin. & Working

Source: Special Spreadsheet Returns –2005, Aboriginal Housing Office of NSW
The graphs show how the proportion of NSW’s total expenditure per dwelling for each item (including depreciation and net interest, the latter being interest received less interest paid) has changed over the study period.

The proportion of total expenditure absorbed by all items except maintenance has declined slightly.

Maintenance expenditure has increased substantially as a proportion of total expenditures per dwelling, increasing from 19.1% to 23.4%.

Graph 5 sets out the real percentage change in the costs of key line items.

**GRAPH 5**

**NSW SOMIH: REAL AVERAGE PERCENTAGE IN KEY LINE ITEMS: 2001/02 -**

The graph reflects the findings outlined earlier; i.e. very significant real declines in the cost per dwelling for net interest, moderate changes in salaries and rates and major real percentage increases in maintenance, and Doubtful Debts.

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Office of NSW
Operating income, expenditure and the recurrent funding ‘gap’

Graph 6 sets out the trends in the recurrent funding ‘gap’ between revenue and expenditure, excluding net interest and depreciation.

**GRAPH 6**

**NSW SOMIH: AVERAGE ANNUAL RECURRENT PER DWELLING: $: 2001/02 - 2003/04: June**

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Office of NSW

Despite net incomes growing rapidly and rental rebates slightly declining the recurrent ‘gap’ per dwelling has grown from $1,707 in 2001/2002 to $2,739 in 2003/04.

Whilst some part of this increase is due to an increase of $700 per dwelling per annum in maintenance expenditure, both administrative expenses and depreciation has also increased rapidly over the period, from a combined $3,100 p.a. to $3,773 p.a. Graph 7 sets out the real percentage change in operating incomes, expenditures and the recurrent funding ‘gap'
To summarize, over the study period, real Operating Incomes (net of grants and interest earned) only increased by 16% whilst real operating expenditures grew by 30% resulting in deficit growth of 60%.

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Office of NSW
The importance of rebates and grants
Real average Rental Rebates per dwelling have actually declined slightly from $3,867 in 2001/02 to $3,678 in 2003/04, whilst conversely Net Grants applied have remained almost the same declining just marginally from just over $4,350 to $4,300 approximately, per annum.

Graph 8 sets out Rental Rebates and Grants as a proportion of net income before Grants.

GRAPH 8

NSW SOMIH: REAL INDIGENOUS HOUSING
RECURRENT FUNDING GAP AS PERCENTAGE OF NET INCOME BEFORE GRANTS: 2001/02 AND 2003/04
(June 2004 Dollars)

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Office of NSW

The graph shows that even if rebates had not been provided in 2001/02 there would have still been a substantial funding ‘gap’. Yet in 2003/04 if NSW SOMIH received a commercial return based on market rents it would be almost break even ($20 shortfall per dwelling per annum). When combined with the capital gain, this would provide a respectable real annual rate of return.

In the case of NSW, recognising the real cost of the Community Service Obligation and providing a cash payment for rebates, would ensure the continued viability of the sector.

Key comparators 2003/04: NSW SOMIH compared to other states
There are three main ways that line item financial information on each jurisdiction can be compared between State Indigenous Housing Authorities:

- by absolute amounts;
- as a percentage of either net income or Operating Expenditure (including net interest and depreciation); and
- by the real percentage change by item.

Table 5 sets the rankings of NSW AHO, by each line item and indicator. A ranking of 1 represents the largest amount, or the greatest percentage, or the greatest percentage change from 2001/02 to 2003/04 for the NSW AHO compared to other SOMIHs.
For the recurrent funding gap, 1 represents the ‘best’ result per dwelling, i.e. the highest surplus, the best percentage improvement, whilst 9 represents the ‘worst’ deficit, the largest negative proportion of net income, or the largest percentage decline or deterioration.

Table 5: Financial Rankings: Real Income/Expenditure Per Dwelling: NSW State Owned and Managed Indigenous Housing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Rents</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Net Grants</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Maintenance</td>
<td>3</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Rates</td>
<td>2</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Salaries &amp; Employment Related</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Administration &amp; Working</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total Overhead (5 &amp; 6)</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Bad Debts</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Net Interest</td>
<td>6</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

| Major Components                  |                           |                                               |                                 |
| Net Incomes                       | 4                         |                                               | 5                               |
| Operating Expenditures            | 3                         |                                               | 3                               |
| Recurrent Funding ‘Gap’¹          | 3                         | 3                                             | 3                               |
| Rental Rebates                    | 2                         | 6                                             | 3                               |

Source: Special Spreadsheet Returns, August 2005– Aboriginal Housing Office of NSW
¹ Excludes net interest and depreciation

Three important conclusions emerge from this analysis, viz NSW AHO, compared with other states for the study period, which has the:

- administrative and working, highest percentage of operating expenditures;
- the second highest net rents and administrative expenditures; and
- the highest and fastest growing net interest earnings of all SOMIHs.

(b) Qualitative

Key responses from the questionnaire

NSW’s only major comments pertained to the impact of major wage rises on their salaries and employee related bill and the major effort that had been made to eliminate the backlog with planned expenditure over $100 million to cease in 2006/07.

It should be also noted that over the study period maintenance responsibilities had been contracted out to the NSW Department of Housing and that this may have contributed to the rapid increase in maintenance expenditure.
(c) NSW State Owned And Managed Indigenous Housing: Conclusions

Financially, a number of positive factors characterise NSW SOMIH.

Net rents per dwelling are considerably higher than in the equivalent public housing, arrears are low and decreasing, a major backlog asset investment program is well advanced and some key expenditure components have been kept in check.

Furthermore given that the large majority of the stock is in metropolitan and regional locations, the AHO has no debt, maintenance is contracted out, and the AHO reported no problem with additional costs that might have been incurred as a result of non housing support of tenants, it could have been expected that total costs would have been contained over the period.

However, total costs per unit have grown much faster than total expenditures with cyclical, recurring and unplanned maintenance increasing by 50% and administration costs increasing by nearly 20%. Whilst the increase in maintenance expenditures might simply be recognition of what is required from a very low base (and it still might be slightly on the light side to maintain the real value of the assets over a long period of time), general overhead costs (administration and salaries and salary related) are at a high level of almost $3,700 per dwelling per annum or almost twice that spent on maintenance and fully 45% of total expenditure.

It is also clear however, that if the full cost of the NSW’s community service obligation (i.e. the difference between market rents and income related rents) was fully recognised, NSW Housing’s recurrent funding ‘gap’ of approximately $11million p.a. would all but disappear. If funding was maintained on that basis, NSW Housing would likely operate at a small profit in the foreseeable future.
5.2 Queensland

(a) Quantitative

Changes in net incomes

Graph 9 traces real net income per dwelling unit over the period 2001/2002 to 2003/2004.

**GRAPH 9**

QUEENSLAND SOMIH: REAL INCOMES PER DWELLING: $:

2001/02- 2003/04: (June 2004 Dollars)

Source: Special Spreadsheet Returns – 2005, Queensland Department of Housing
1 Includes Indigenous Housing owned and operated by QDoH but excludes any dwellings head leased or leased from third parties.

Over the study period (2001/02 – 2003/2004), operating incomes increased moderately in real terms from $4,016 to $4,506 or by almost $500 per dwelling. This represented a 12% increase over three years. Almost 100% of the increase in real incomes can be explained by increases in net rents, which grew by 13.7% from $3,862 to $4,390 per dwelling. Real Rents constituted more than 99% of annual operating incomes over the period 2001/02 to 2003/04.
Quantitative factors affecting operating incomes

There are 3 main factors contributing to the increase in net rent received:

- A higher proportion of two income households relative to that experienced in other SOMIH (almost 50%);
- higher average incomes arising from allocations to a broader range of incomes than occurs in public housing;
- the low dollar value of declining arrears and defaults.

Expenditures and expenditure priorities

Graph 10 sets real net expenditures per dwelling unit over the period 2001/2002 to 2003/2004.

Queensland SOMIH: Real expenditures per dwelling unit: $: 2001/02 - 2003/04: (June 2004 Dollars)

Source: Special Spreadsheet Returns – 2005, Queensland Department of Housing

The graph shows that real operating expenditures per dwelling have increased from $6,878 in 2001/2002 to $7,894 in 2003/04 or by a about 15% or by inflation plus about 2.5% p.a. Real increases in salaries, rates and maintenance outgoings has been moderate with salaries expenditure per dwelling increasing from $2,230 to $2,504 (12.3%), rates from $1,371 to $1,480, (7.9%), and maintenance from $1,936 to $2,086, (7.7%). By far the most significant real increases in expenditure occurred in Administrative and working increasing from $1,244 to $1,735 (or by almost 40%). Total overhead increased in real terms by approximately 22%.

Reflecting these real changes in expenditure items, Graphs 11 and 12 set out the proportion of total operating expenditure occupied by each of the core items for the years 2001/2002 and 2003/2004.

37
The graphs show how the proportion of the Queensland's total expenditure per dwelling for each item (including depreciation and net interest, the latter being interest received less interest paid, although in Queensland's case there is no interest effect), has changed over the study period.

The proportion of total expenditure absorbed by all items except Administrative and working has increased slightly due to a major reduction in depreciation provisioning over the period. By far the greatest growth, however, is in administrative and working
expenditure which has increased substantially as a proportion of total expenditures per dwelling, from 12.9% to 18.3%.

Graph 13 sets out the real percentage change in the costs of key line items.

**GRAPH 13**

**QUEENSLAND SOMIH: REAL AVERAGE PERCENTAGE CHANGE IN KEY LINE ITEMS: 2001/02 - 2003/2004**

Source: Special Spreadsheet Returns – 2005, Queensland Department of Housing

The graph reflects the findings outlined earlier; i.e. very significant real declines in the cost per dwelling for depreciation, moderate declines in doubtful debts and moderate increases in maintenance, rates and salaries and major real percentage increases in administrative and working.
Operating income, expenditure and recurrent funding gap

Graph 14 sets out the trends in the recurrent funding ‘gap’ between revenue and expenditure, excluding net interest and depreciation.

GRAPH 14

QUEENSLAND SOMIH: AVERAGE ANNUAL FUNDING GAP PER DWELLING: $: 2001/02 - 2004

Source: Special Spreadsheet Returns – 2005, Queensland Department of Housing

Despite net incomes growing moderately and almost static rental rebates the recurrent ‘gap’ per dwelling has grown from $2,862 in 2001/2002 to $3,389 in 2003/04.

Almost 100% of this increase can be explained by the growth in administrative and working costs as the reduction in depreciation provisioning largely offsets increases in the other items.

Graph 15 sets out the real percentage change in operating incomes, expenditures and the recurrent funding ‘gap’
To summarize, over the study period, real operating incomes (net of grants and interest earned) increased by 12% whilst real operating expenditures grew by almost 15%, resulting in recurrent funding ‘gap’ growth of 18%.

The importance of rebates and grants

Real average Rental Rebates per dwelling have remained almost static, increasing just slightly from $2,843 in 2001/02 to $2,919 in 2003/04, or by 2.7%, whilst Net Grants grew moderately from $14,726 to 15,974 per dwelling per annum.

Graph 16 sets out Rental Rebates and Grants as a proportion of net income before Grants.

The graph shows that even if rebates had not been provided in 2003/04 there would have still been a substantial funding ‘gap’ of $1,761 per dwelling per annum. However nearly 90% of the funding gap is due to depreciation and in the case of Queensland, recognising the real cost of the Community Service Obligation and providing a cash payment for rebates, would enable an almost break even cash position.
QUEENSLAND SOMIH: REAL INDIGENOUS
RECURRENT FUNDING ‘GAP’, AS A PERCENTAGE OF
NET INCOME BEFORE GRANTS: 2001/02 AND
2003/04 (June 2004 Dollars)

Source: Special Spreadsheet Returns – 2005, Queensland Department of Housing

Key comparators 2003/04: Queensland SOMIH compared to other states.

Table 6 sets the rankings of Queensland’s SOMIH, by each line item and indicator (see page 32 for the key to reading this table).

Table 6: Financial Rankings: Real Income/Expenditure Per Dwelling: Queensland State Owned and Managed Indigenous Housing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Rents</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Net Grants</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>3</td>
<td>6</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Rates</td>
<td>1</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Employment Related</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Administration &amp; Working</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Total Overhead (5 &amp; 6)</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Bad Debts</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Net Interest</td>
<td>5</td>
<td>4</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Major Components

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Incomes</td>
<td>3</td>
<td>-</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>2</td>
<td>-</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Recurrent Funding ‘Gap’(^1)</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Rental Rebates</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

Source: Special Spreadsheet Returns – 2005, Queensland Department of Housing

1 Excludes net interest and depreciation
Four important conclusions emerge from this analysis, viz Queensland SOMIH, compared with other states for the study period, which has:

- the largest amounts provided from grants and the greatest expenditure on Rates and the highest provisioning for depreciation;
- the greatest ratio of grants to net income;
- the second largest overhead and recurrent funding gap; and
- the highest amount of net interest received.

(b) Qualitative

Key responses from the questionnaire

The key issues arising from the questionnaire and raised by Queensland are as follows:

“From 2000-01 the number of single income households as a proportion of total households has increased. Total rent payable and total rent payable per household have also continued to increase.

The Indigenous housing portfolio in rural & remote areas is subject to a location penalty - that is the further the distance that rural/remote location is away from urban areas the higher the capital & recurrent dwelling related costs are likely to be including maintenance expenditure due to higher transportation costs. Larger 3 or 4 bedroom detached houses comprise more than 80% of the Indigenous portfolio which on average require greater maintenance expenditure compared with, for instance, smaller 1 or 2 bedroom Apartments.

Dwellings located in rural & remote areas are generally subject to adverse environmental conditions which may result in access issues and increased maintenance requirements over the life of the asset.

Delivery is difficult within set time periods due to environmental conditions and the time taken to respond to emergency maintenance is longer and therefore potentially causes more damage and increased cost. Attracting workers to remote areas is also sometimes problematic.

Competing priorities within communities can impact on resources for housing. Infrastructure on some communities uses the same resources as housing e.g. the same contractors. Minor maintenance is generally considered a lower priority by contractors than other work.”

(c) Queensland State Owned And Managed Indigenous Housing: Conclusions

As in NSW a number of positive factors characterise Queensland SOMIH financial context. Net rents per dwelling are considerably higher than in the equivalent public housing, arrears are low and decreasing, no significant asset backlog exists, and some key expenditure components have been kept in check.

It is noted however that after Western Australia, Queensland has the second highest proportion of housing stock located in remote and very remote locations, and in the context of their statements about higher maintenance cost structures it can be expected that this item will remain a significant expenditure component in the medium term future.

Again, total costs per unit have grown faster than total expenditures with administration costs increasing by nearly 20%. General overhead costs
(administration and salaries and salary related) are at a high level of almost $4,300 per dwelling per annum or more than twice that spent on maintenance and fully 46% of total expenditure.

As a consequence Queensland has the second highest recurrent funding gap, leading to shortfalls of $9.5 million in 2003/04.

5.3 South Australia

(a) Quantitative

Changes in net incomes

Graph 17 traces real net income per dwelling unit over the period 2001/2002 to 2003/2004.

GRAPH 17


Source: Special Spreadsheet Returns – 2005, South Australian Aboriginal Housing Authority
1 Includes Indigenous Housing owned and operated by the Aboriginal Housing Authority of South Australia excludes any dwellings headleased or leased from third parties.

Over the study period (2001/02 – 2003/2004), operating incomes increased substantially in real terms from $4,671 to $5,607 or by in excess of $900 per dwelling. This represented a 20% increase over three years. Whilst real net rents grew by 12% from $3,763 to $4,224 per dwelling, another major factor contributing to the rise in incomes was the rapid growth in Sundries. This item increased by more than 50% over the same period and is responsible for over half of the total increase in net incomes.
Quantitative factors affecting operating incomes

There are 2 main factors contributing to the increase in net rent received:

- higher average incomes arising from allocations to a broader range of incomes than occurs in public housing;
- a rapid increase in sundry income.

Expenditures and expenditure priorities

Graph 18 sets real net expenditures per dwelling unit over the period 2001/2002 to 2003/2004.

![Graph 18](source)

The graph shows that real operating expenditures (net of interest and depreciation) per dwelling have increased from $7,209 in 2002/2002 to $9,858 in 2003/04 or by about 37%. All components of expenditure have increased substantially with rates and maintenance growing by between 20% and 30%, Administrative and working by almost one third and net interest by 42%. By far the most significant real increases in expenditure occurred in salaries and employee related expenses, which increased from $1,735 to $2,570. Total overhead increased in real terms by a high 40%.

Reflecting these real changes in expenditure items, Graphs 19 and 20 set out the proportion of total operating expenditure occupied by each of the core expenditure items for the years 2001/2002 and 2003/2004.
The graphs show how the proportion of South Australia’s SOMIHs total expenditure per dwelling for each item (including depreciation and net interest, the latter being interest received less interest paid) has changed over the study period.

The proportion of total expenditure absorbed by all items except Administrative and working, maintenance and rates, has increased over the period with the former two items falling from 23.4% and 29.2% to 22.7% and 27%, respectively. Small increases
in proportion are being registered for all except bad debts, the provisioning for which has doubled as a proportion of total expenditure.

Graph 21 sets out the real percentage change in the costs of key line items.

**GRAPH 21**

**SOUTH AUSTRALIA SOMIH: REAL AVERAGE**

**PERCENTAGE CHANGE IN KEY LINE ITEMS: 2001/02 - 2003/2004**

The graph reflects the findings outlined earlier; i.e. very significant real increases for all costs with salaries and employee related expenses growing by almost 50% and doubtful debts by 140%.

Source: Special Spreadsheet Returns – 2005, South Australian Aboriginal Housing Authority
Operating income, expenditure and recurrent funding gap

Graph 22 sets out the trends in the recurrent funding ‘gap’ between revenue and expenditure, excluding net interest and depreciation.

**GRAPH 22**

**SOUTH AUSTRALIA SOMIH: AVERAGE ANNUAL RECURRENT FUNDING GAP PER DWELLING: $: 2001/02 - 2003/04: June 2004 Dollars**

Source: Special Spreadsheet Returns – 2005, South Australian Aboriginal Housing Authority

Despite net incomes growing moderately and rental rebates being almost static the recurrent ‘gap’ per dwelling has grown from $2,538 in 2001/2002 to $4,251 in 2003/04.

The increase in the funding gap can be ascribed to three main components, maintenance expenditure (which grew by approximately $700 per dwelling p.a.), Administrative and working (up by approximately $600 per dwelling p.a.) and salaries et al. (which increased by almost $750 per dwelling per annum). Graph 23 sets out the real percentage change in operating incomes, expenditures and the recurrent funding ‘gap’.
To summarize, over the study period, real operating incomes (net of grants and interest earned), increased by 20% whilst real operating expenditures grew by almost 37% resulting in recurrent funding 'gap' growth of 67%.

Source: Special Spreadsheet Returns – 2005, South Australian Aboriginal Housing Authority
The importance of rebates and grants

Real average Rental Rebates per dwelling have increased moderately by $350 per dwelling per annum but have fallen slightly as a percentage of net income, whilst Net Grants have more than doubled from $5,700 to $11,377 per dwelling per annum.

Graph 24 sets out Rental Rebates and Grants as a proportion of net income before Grants.

**GRAPH 24**

**SOUTH AUSTRALIA SOMIH: REAL INDIGENOUS HOUSING RECURRENT FUNDING 'GAP' AS PERCENTAGE OF NET INCOME BEFORE GRANTS: 2001/02 AND 2003/04 (June 2004 Dollars)**

Source: Special Spreadsheet Returns – 2005, South Australian Aboriginal Housing Authority

The graph shows that even if rebates had been fully funded in 2003/04 there would still have been a substantial ‘gap’ of $1,476 per dwelling per annum.
Key comparators 2003/04: South Australia SOMIH compared to other states.

Table 7 sets the rankings of South Australia’s SOMIH, by each line item and indicator (see page 32 for the key to reading this table).

### Table 7: Financial Rankings: Real Income/Expenditure Per Dwelling: South Australian State Owned and Managed Indigenous Housing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Net Rents</td>
<td>4</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>2. Net Grants</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>3. Maintenance</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>4. Rates</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>5. Salaries &amp; Employment Related</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>6. Administration &amp; Working</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>7. Total Overhead (5 &amp; 6)</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8. Bad Debts</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>9. Net Interest</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>10. Depreciation</td>
<td>6</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

| 11. Major Components       |                           |                                                  |                                  |
| 12. Net Incomes            | 1                         | -                                                | 2                                |
| 13. Operating Expenditures | 1                         | -                                                | 1                                |
| 14. Recurrent Funding ‘Gap’ | 1                        | 1                                                | 2                                |
| 15. Rental Rebates         | 5                         | 6                                                | 1                                |

Source: Special Spreadsheet Returns, August 2005 – South Australian Aboriginal Housing Authority
1 Excludes net interest and depreciation

South Australia SOMIH, compared with other states for the study period, has;

- the highest per dwelling expenditure on maintenance, salaries, Administrative and working, bad debts and interest servicing of all SOMIHs
- the highest per dwelling net income and expenditure;
- the largest recurrent funding gap;
- the highest percentage of total net income or expenditure absorbed by bad debts, net interest and the recurrent funding ‘gap’ and the second highest percentage of net expenditures absorbed by Administrative and working and total overheads;
- the fastest growing overheads, bad debts and operating expenditures; and
- the second fastest growing net incomes, grants, salaries and employee related and total recurrent funding ‘gap’.

(b) Qualitative

Key responses from the questionnaire

The key issues in the questionnaire raised by South Australia are as follows.

"South Australia went through Housing Reforms in 2000 that created a segregated waiting list and a focus on housing high needs applicants, and
changing the rent setting to 25% of total assessable household income. These two policy directions have affected the AHA’s rental income through an increase in the amount of rental rebates each financial year since the reforms and housing tenants who require additional support and management whom are more likely to procure a debt.

The average cost of non planned maintenance per property has increased. This increased has been experienced due to a backlog of maintenance. The backlog of planned maintenance has meant that emergency maintenance issues are increasing. This is directly related to a lack of funding to address dwelling condition needs. While the proportion of current funding levels is increasing in planned and non planned maintenance and decreasing in ascertaining additional housing, additional funding is still required to address these issues.

As at June 2003, restoring stock to standard levels of dwelling condition will cost approximately $24 Million to complete. In the next five years the AHA will target maintenance and upgrade. This figure however will increase and perpetuate as dwelling conditions continue to decrease due to the inability to address maintenance and upgrade issues immediately.

There has been an increase in salary and wages on costs. This is due to significant growth within the organisation as well as additional responsibilities the organisation is now undertaking. There has been a growth in the number of programs offered and services offered within programs. An example of this is transitional accommodation programs now under development.

In the 2001-02 and previous years rental arrears were increasing. In the 2002-03 financial year debt movement slowed significantly. In the 2003-04 year, rental arrears decreased in the total amount of debt, the number of persons who had a rental arrears and the average amount of debt per person. It is expected that once this decrease has reached its highest point that debt will remain constant.”

South Australian State Owned And Managed Indigenous Housing: Conclusions

The Aboriginal Housing Authority in South Australia is a young organisation in the throes of significant expansion of its programs. Consequently, it must be anticipated that both its overheads and total expenditures are likely to somewhat high at this time in its development. This may well be transitional and that costs will revert to lower levels as the organisation enters a mature phase.

Notwithstanding the above, the scale of the absolute expenditure per dwelling must be a cause for concern being almost one quarter more than the next highest SOMIH nationally, and its recurrent funding gap at $8.043million (before interest and depreciation) is fully 25% higher per dwelling than the next highest SOMIH nationally.

Furthermore, the bad debt situation must also be vexing in that actual expenditure is 13% of net rents received, far higher than any other equivalent organisation nationally.

It is unlikely that geographical factors have a significant impact on costs in that 84% of the stock is located in either metropolitan or inner regional locations.

The continued viability of existing revenues per dwelling must also be a cause for concern.

Net rents per dwelling are unlikely to fall any lower, since single income households constitute almost 90% of the household composition. However, sundry income
represented 25% of the total in 2003/04 in a context where net rents comprised over 97% of the income in other SOMIHs. Consequently, it is difficult to see how the actual income per dwelling received will be maintained in the future.

5.4 Tasmania

(a) Quantitative

Changes in net incomes


GRAPH 25

TASMANIA SOMIH: REAL INCOMES PER DWELLING UNIT: $: 2001/02- 2003/04: (June 2004 Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sundry Income</th>
<th>Management Fees</th>
<th>Net Rents</th>
<th>TOTAL OPERATING INCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001/02</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002/03</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003/04</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Service of Tasmania

1 Includes Indigenous Housing owned and operated by the Aboriginal Housing Service of Western Australia excludes any dwellings headleased or leased from third parties.

Over the study period (2001/02 – 2003/2004), operating incomes increased substantially in real terms from $3,104 to $3,873 or by almost $700 per dwelling. This represents almost a 25% increase over three years. All of this increase was due to a similar 25% increase in net rents.

Quantitative factors affecting operating incomes

There are 2 main factors contributing to the increase in net rent received:

- over 50% of the households pay between 25% and 30% of incomes; and
- about 45% of households receive more than one income.

Expenditures and expenditure priorities

The graph shows that real operating expenditure (net of interest and depreciation) per dwelling have increased from $2,992 in 2002/2002 to $3,585 in 2003/04 or by about 20%. Salaries expenditure has fallen by 25% whilst doubtful debts, rates and Administrative and working expenses have experienced modest growth. By far the two most significant real increases in expenditure occurred in depreciation and maintenance which increased by $250 and $600 per dwelling unit, respectively. Total overhead fell by 20% during the study period.

Reflecting these real changes in expenditure items, Graphs 27 and 28 set out the proportion of total operating expenditure occupied by each of the core expenditure items for the years 2001/2002 and 2003/2004.
The graphs show how the proportion of Tasmania’s SOMIHs total expenditure per dwelling for each item (including depreciation and net interest, the latter being interest received less interest paid) has changed over the study period.

The proportion of total expenditure absorbed by three items fell with Administrative and working declining to 2.3%, salaries and employee related to 9.2% and rates to
26.7%. As a proportion of total expenditure, depreciation increased by 3% whilst maintenance grew by 7%.

Graph 29 sets out the real percentage change in the costs of key line items.

GRAPH 29


Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Service of Tasmania

The graph reflects the findings outlined earlier; i.e. very significant real increases for depreciation and maintenance with maintenance expenditure growing by over 50%. Net interest earned doubled over the study period.

Operating income, expenditure and recurrent funding gap

Graph 30 sets out the trends in the recurrent funding ‘gap’ between revenue and expenditure, excluding net interest and depreciation.

GRAPH 30

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Service of Tasmania
Because of very low overhead costs and moderately increasing revenues Tasmania is the only SOMIH nationally which is in surplus (before interest and depreciation) and that surplus doubled over the study period. There was one main reason for this surplus growth – viz. incomes grew considerably faster than expenditures. Graph 31 sets out the real percentage change in operating incomes, expenditures and the recurrent funding ‘gap’.

GRAPH 31


[Graph showing real average percentage change in operating incomes, operating expenditures, and recurring funding 'gap' over the period 2001/02 to 2003/2004.]

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing Service of Tasmania

To summarize, over the study period, real operating incomes (net of grants and interest earned), increased by 25% whilst real operating expenditures grew by about 20% resulting in recurrent funding surplus growth of 159%.

The importance of rebates and grants

Real average Rental Rebates per dwelling have increased very slightly by about 1% per dwelling per annum but have fallen as a percentage of net income, and Net Grants have fallen even more dramatically to zero in 2003/04.

Graph 32 sets out Rental Rebates and Grants as a proportion of net income before Grants.
The graph shows that if rebates had not been provided in 2003/04 there would have still been a substantial surplus of nearly $2,500 per dwelling per annum.

**Key comparators 2003/04: Tasmanian SOMIH compared to other states**

Table 8 sets the rankings of the Tasmanian SOMIH, by each line item and indicator (see page 32 for the key to reading this table) compared with other states.

**Table 8: Financial Rankings: Real Income/Expenditure Per Dwelling: Tasmanian State Owned and Managed Indigenous Housing**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16. Net Rents</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>17. Net Grants</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>18. Maintenance</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>19. Rates</td>
<td>4</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>20. Salaries &amp; Employment Related</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>21. Administration &amp; Working</td>
<td>6</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>22. Total Overhead (5 &amp; 6)</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>23. Bad Debts</td>
<td>6</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>24. Net Interest</td>
<td>4</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>25. Depreciation</td>
<td>3</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>26.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27. Net Incomes</td>
<td>5</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>28. Operating Expenditures</td>
<td>6</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>29. Recurrent Funding ‘Gap’¹</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>30. Rental Rebates</td>
<td>6</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

**Source:** Special Spreadsheet Returns – August 2005, Aboriginal Housing Service of Tasmania

1 Excludes net interest and depreciation
Tasmanian SOMIH, compared with other states is for the study period, has:

- the smallest salaries and employee related expenses, Administrative and working expenses, total overhead, and bad debts of all the SOMIHs;
- the lowest operating expenditures and the only operating surplus (before interest and depreciation);
- the largest percentage of total expenditure and fastest growing maintenance outlays;
- the lowest proportion of expenditure and slowest growing salaries et. al. Administrative and working, and overhead expenditure of all SOMIHs;
- the smallest rental rebates;
- the largest proportion and fastest growing net rents and depreciation.

(b) **Qualitative**

**key responses from the questionnaire**

The key comments set out in the Aboriginal Housing Service’s response to the questionnaire are as follows:

“There has been no change in rent setting policies within the last three years. There is no specific data available that clearly indicates an increase in administration or maintenance costs due to geographic spread.

With an increasing level of ageing stock AHST incurs increased maintenance requirements to maintain current properties to minimum standard and maintenance turnaround times for AHST have decreased dramatically over the last three years to a point where AHST maintenance is similar to that of public housing.

We are unable to estimate the potential size of any backlog until we complete a comprehensive Strategic Asset Management Plan (SAMP), and the development of a comprehensive SAMP would take a period of approximately six months. This is identified as a priority by Housing Tasmania for 2005-06.

Currently two (2) properties require replacement which equates to 0.6% of current AHST stock. The total cost of this is about $400,000. Both properties for replacement are because of fire.

Rates on properties have increased significantly as a consequence of markedly increased property values in Tasmania with the average rates bill now being $ 1,300 per property.”

(c) **Tasmanian State Owned and Managed Indigenous Housing:**

**Conclusions**

The Aboriginal Housing Service of Tasmania would appear to be very well positioned financially, with low expenditures, small but growing surpluses and maintenance expenditures at close to a level, which will ensure that the real value of the assets does not fall. With a relatively small proportion of dwellings in remote locations, a diverse client mix, and a very small backlog there appears little which could be considered a barrier to the elimination of any backlog, and the continuation of small surpluses. Any significant growth in the number of stock will, however, require additional capital expenditure as there is little capacity to service any debt arising out of borrowings.
5.5 Victoria

(a) Quantitative

Changes in net incomes

Victoria could only provide 2003/2004 information so time series analysis was not possible. Graph 33 sets out the real net income per dwelling unit in 2003/2004.

In 2003/04 net incomes per dwelling averaged $4,500 per dwelling with 99% arising from net rents.

Quantitative factors affecting operating incomes

There are 2 main factors contributing to the income profile:

- all households paying 25% of incomes; and
- only 38% of households receive more than one income.

Expenditures and expenditure priorities

Graph 34 sets real net expenditures per dwelling unit.
The graph shows that real operating expenditures (net of interest and depreciation) per dwelling are $4,793 or just slightly more than net incomes.

Graph 35 sets out the proportion of total operating expenditure occupied by each of the core expenditure items for 2003/2004.

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing, Office Of Housing Victoria

The graph shows the proportion of Victoria’s SOMIHs total expenditure per dwelling for each item (including depreciation and net interest, the latter being interest received less interest paid).
Because there are no bad debts, no net interest and no provisioning for depreciation only four items have been returned. Of these total 'overhead' (Administrative and working expenses plus salaries and employee related expenses), absorbed approximately 48% of total expenditure with maintenance one quarter and rates the remainder.

**Operating income, expenditure and recurrent funding gap**

Graph 36 sets out the recurrent funding ‘gap’, excluding net interest and depreciation.

**GRAPH 36**

![Graph showing VICTORIA SOMIH: AVERAGE ANNUAL RECURRENT FUNDING ‘GAP’ PER DWELLING: $; 2003/04: June 2004](source)

Operating incomes are just slightly less than operating expenditures with the recurrent funding ‘gap’ being just $272 per dwelling in 2003/04.

**Source:** Special Spreadsheet Returns –2005, Aboriginal Housing, Office Of Housing Victoria
The importance of rebates and grants

Graph 37 sets out Rental Rebates and Grants as a proportion of net income before Grants.

GRAPH 37

VICTORIA SOMIH: RECURRENT FUNDING 'GAP' AS PERCENTAGE OF NET INCOME BEFORE GRANTS: 2003/04
(June 2004 Dollars)

Source: Special Spreadsheet Returns – 2005, Aboriginal Housing, Office Of Housing Victoria

The graph shows that if rebates had not been provided in 2003/04 there would have been a substantial surplus of nearly $4,000 per dwelling per annum.

Key comparators 2003/04: Victorian SOMIH compared to other states.

Table 9 sets the rankings of Victoria’s SOMIH, by each line item and indicator (see page 32 for the key to reading this table).
Table 9: Financial Rankings: Real Income/Expenditure Per Dwelling: Victorian State Owned and Managed Indigenous Housing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Net Rents</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2. Net Grants</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>3. Maintenance</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>4. Rates</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>5. Salaries &amp; Employment Related</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>6. Administration &amp; Working</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>7. Total Overhead (5 &amp; 6)</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>8. Bad Debts</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>9. Net Interest</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>10. Depreciation</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>11. Major Components</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Net Incomes</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>13. Operating Expenditures</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>14. Recurrent Funding ‘Gap’(^1)</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>15. Rental Rebates</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Special Spreadsheet Returns – August 2005, Office Of Housing Victoria
\(^1\) Excludes net interest and depreciation

Victorian SOMIH, compared with other states for 2003/04, has the:
- highest net rents and the largest rental rebates;
- second highest net incomes;
- lowest Net Grants (negative, i.e. more grants made than received);
- lowest expenditure on maintenance;
- smallest recurrent funding ‘gap’ (Western Australia, it should be noted, is actually in surplus);
(b) Qualitative

Key responses from the questionnaire

The key comments set out in the Office of Housing’s response to the questionnaire are as follows:

“Rent for pre 1997 tenants has been moved from 23% to 25%, i.e. the same as for post 1997 tenants to August 2003.

Day to day responsive maintenance, vandalism and vacancy maintenance are delivered through a service level agreement with the Office Of Housing. The OoH Maintenance Call Centre (MCC) is responsible for managing responsive maintenance budgets and allocating works, which are then undertaken externally via a head contractor system.

Cyclic maintenance is delivered through an agreement with the Office Of Housing Property Services division as part of a Planned Upgrade and maintenance Program.

The maintenance backlog for Indigenous housing is $8.35m, however, the Aboriginal Housing Board has an ongoing upgrade program with a budget of $2.6m and 2 properties which need replacement.

13.7% of households are technically in default, (more than 3 payments in arrears)

There has been a significant increase in rates expenditure of 14% over the last three years.”

(c) Victorian State Owned and Managed Indigenous Housing: Conclusions

The Aboriginal Housing Service of Victoria would appear to be quite well positioned financially to face the future, with low expenditures, and small recurrent funding ‘gaps’ ($343,000 in 2003/04). In addition, whilst an asset restoration backlog exists it is relatively small and being handled by a special program which will see assets fully restored within 4 years.

The Victorian SOMIH will not be significantly affected by geographical cost differences as all of the dwellings are located in metropolitan, inner and outer regional locations with 73% of the stock being situated in the first two categories.

However, the level of current maintenance expenditure is low relative to what could be expected to maintain the real quality of the dwelling stock, and it can be anticipated that the client mix profile may move more towards single income households than is currently the case, reducing the real average net rent received per household. Similarly, data provided by Victoria suggests that approximately 14% of the households are technically in default of their rent and this may represent an emerging problem.
5.6 Western Australia

(a) Quantitative

Changes in net incomes

Graph 38 traces real net income per dwelling unit over the period 2001/2002 to 2003/2004.

GRAPH 38

WESTERN AUSTRALIAN SOMIH: REAL DWELLING UNIT: $: 2001/02 - 2003/04: (June

Source: Special Spreadsheet Returns – 2005, Homeswest
1 Includes Indigenous Housing owned and operated by Homeswest but excludes any dwellings headleased or leased from third parties.

Over the study period (2001/02 – 2003/2004), operating incomes per dwelling actually fell, the only SOMIH nationally in which this happened, (-1.4%). However, real net rents actually increased slightly from $3,225 to $3,350 p.a. or by 3.9%. All of the fall was due to a drop in Sundry income of $190 per dwelling p.a. over the three years.
Expenditures and expenditure priorities


GRAPH 39

WESTERN AUSTRALIAN SOMIH: REAL EXPENDITURES PER DWELLING UNIT: $: 2001/02 - 2003/04: (June 2004 Dollars)

Source: Special Spreadsheet Returns – 2005, Homeswest

The graph shows that real operating expenditures (net of interest and depreciation) per dwelling have increased from $3,903 in 2002/2002 to $4,428 in 2003/04 or by about 13%. Salaries expenditure has been static whilst doubtful debts, depreciation and maintenance have experienced modest growth. By far the two most significant real increases in expenditure occurred in rates and Administration and working which increased by $170 and approximately $150 per dwelling unit, respectively. Total overhead increased by 13%.

Reflecting these real changes in expenditure items, Graphs 40 and 41 set out the proportion of total operating expenditure occupied by each of the core expenditure items for the years 2001/2002 and 2003/2004.
The graphs show how the proportion of Western Australia’s SOMIHs total expenditure per dwelling for each item (including depreciation and net interest, the latter being interest received less interest paid) has changed over the study period.

The proportion of total expenditure absorbed by three items fell slightly with salaries and employee related expenses declining to 18.2%, depreciation to 19.1% and bad...
debts to 3.7%. As a proportion of total expenditure, Administrative and working increased by 50% to 6.7%, whilst maintenance grew by 1% to 32.7%.

Graph 42 sets out the real percentage change in the costs of key line items.

GRAPH 42

WESTERN AUSTRALIAN SOMIH: REAL PERCENTAGE CHANGE IN KEY LINE ITEMS: 2003/2004

Source: Special Spreadsheet Returns – 2005, Homeswest

The graph reflects the findings outlined earlier; i.e. very significant real increases for depreciation and administrative and working with administrative and working expenditure growing by well over 50%.
Operating income, expenditure and the recurrent funding gap

Graph 43 sets out the trends in the recurrent funding ‘gap’, excluding net interest and depreciation.

GRAPH 43

Source: Special Spreadsheet Returns – 2005, Homeswest

Because of the fall in revenues and the moderate growth in expenditures the revenue ‘gap’ doubled to just in excess of $1,050 per dwelling or approximately $3 million p.a. There were three main reasons for this increase in the income gap. Maintenance expenditures grew by 13% or approximately $200, rates by approximately $170 p.a. and Administrative and working expenses by $150 p.a.

Graph 44 sets out the real percentage change in operating incomes, expenditures and the recurrent funding ‘gap’.

GRAPH 44

Source: Special Spreadsheet Returns – 2005, Homeswest
To summarize, over the study period, real operating incomes (net of grants and interest earned) fell by 1.4%, whilst real operating expenditures grew by about 13%, resulting in the recurrent funding gap increasing by 118%.

**The importance of rebates and grants**

Real average Rental Rebates per dwelling have increased very slightly by about 0.8% per dwelling per annum and have increased slightly as a percentage of net income, whilst Net Grants have increased dramatically, by 170% or in excess of $5,000 per dwelling p.a.

Graph 45 sets out Rental Rebates and Grants as a proportion of net income before Grants.

**GRAPH 45**

**WESTERN AUSTRALIAN SOMIH: REAL RECURRENT FUNDING 'GAP' AS A PERCENTAGE OF NET INCOME BEFORE GRANTS: 2001/02 AND 2003/04 (June 2004 Dollars)**

Source: Special Spreadsheet Returns – 2005, Homeswest

The graph shows that if rebates had been fully funded in 2003/04 there would have been a substantial surplus of nearly $1,800 per dwelling p.a.

**Key comparators 2003/04: Western Australian SOMIH compared to other states.**

Table 10 sets out the rankings of Western Australia’s SOMIH, by each line item and indicator (see page 32 for the key to reading this table).
### Table 10: Financial Rankings: Real Income/Expenditure Per Dwelling: West Australian State Owned and Managed Indigenous Housing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Net Rents</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2. Net Grants</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. Maintenance</td>
<td>4</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>4. Rates</td>
<td>6</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>5. Salaries &amp; Employment Related</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>6. Administration &amp; Working</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>7. Total Overhead (5 &amp; 6)</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>8. Bad Debts</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>9. Net Interest</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>10. Depreciation</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>11. Major Components</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Net Incomes</td>
<td>6</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>13. Operating Expenditures</td>
<td>5</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>14. Recurrent Funding ‘Gap’</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>15. Rental Rebates</td>
<td>4</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Special Spreadsheet Returns – August 2005, Homeswest
1 Excludes net interest and depreciation

Western Australian SOMIH, compared with other states for the study period, has the;
- second largest and fastest growing application of Net Grants;
- second largest bad debts;
- fastest growing Administrative and working expenditure;
- fastest growing recurrent funding ‘gap’;
- lowest net rents and net incomes;
- the only falling net incomes among the jurisdictions;
- second lowest rates of expenditure growth; and
- second lowest overhead and total operating expenditures.

(b) Qualitative

Key responses from the questionnaire

The key comments set out in Homeswest’s response to the questionnaire are as follows:

“There have been no changes in the Department of Housing and Works rent setting and charging policies in the last 3 years.

There is a substantial cost difference between e.g. Kimberley and Pilbara Regions compared to the metropolitan Regions of W.A. due to overheads, transport, materials costs etc and servicing of some remote areas. To a much lesser degree are cost differences between metropolitan and southern regional centres and there are some pockets of the eastern region, which is more costly as well.
The Regional Upgrade Strategy Program is a 3 year program of which $5,979,979 million has been allocated.

Over the past 3 years the Department has prioritised planned, upgrade and asset protection type maintenance. Any backlog is steadily decreasing year by year.

Homeswest has an estimated amount of $220,000 for courses related to accommodation managers and customer service officer training for the 2004/05 financial year.”

(c) Western Australian State Owned and Managed Indigenous Housing: Conclusions.

Of all the SOMIHs Western Australia has the highest concentrations of remote and very Remotely located dwellings in its portfolio. These two segments account for fully 40% of all the dwellings managed, nearly 10% more than the nearest other similar organisation.

These concentrations create particular financial issues for Western Australia. Whilst expenditure growth has been modest revenues per dwelling actually fell over the study period, resulting in the revenue gap doubling. With average rents substantially below the public housing average and fully 13% below the next lowest average rents per dwelling for the remaining SOMIHs, WA is ‘revenue challenged’.

Furthermore, with arrears at 16% and defaults at nearly 6% of gross rents after rebates, non payment is further eroding the revenue base.

Finally, it is clear that whilst the data is not yet fully complete the high proportion of single income families (over 50% are singles or single parent families) is further pressuring the revenue outcome.

Homeswest is also subject to higher cost pressures than that applying to other states because of significant differentials applying to improvement and redevelopment of dwellings in remote locations.

Whilst it does not appear that a asset backlog problem exists and maintenance expenditures constitute nearly one third of total recurrent outgoings, if current real maintenance expenditures are maintained they may not be quite enough to preserve the real value of the dwelling stock.
6 ANALYSIS RESULTS: SOMIHS COMPARED TO PUBLIC HOUSING

This section of the report presents a comparative analysis of key financial indicators for the SOMIWs with the situation for public housing in the respective states.

6.1 Net Rents

Graph 46 sets out for the financial year 2003/04 the average net rents per dwelling for each SOMIH and for public housing in Australia. The red line represents the average for public housing in Australia.

![Graph 46](source: Special Spreadsheet Returns- 2005, SOMIHs' and six State Public Housing Authorities).

It is clear that in the majority of situations SOMIHs are enjoying considerably higher average rents per dwelling than is the case for public housing. This is probably due to the fact that the housing for Indigenous households is not as tightly targeted on income grounds as that for public housing in general.

The exception is Western Australia, where the high proportion of remote and very remote dwellings with low market rents is substantially diluting the average rent being received.

6.2 Expenditures: Maintenance

Graph 47 sets out the average annual expenditure on maintenance by each SOMIH and the average for public housing in Australia.

With the exception of Victoria, all SOMIHs are spending more on cyclical and unplanned maintenance (not including upgradings and redevelopment) than is the average for public housing. It is likely that the SOMIH average is very close to what would be required over the longer term to maintain the real value of the dwellings.

---

21 This analysis does not include the Northern Territory or Australian Capital Territory public housing as there is no equivalent SOMIH for comparison purposes.
6.3 Expenditures: Rates

Graph 48 sets out the same analysis for rates expenditure.

Source: Special Spreadsheet Returns – 2005, SOMIHs’ and six State Public Housing Authorities.

Four of the SOMIHs are paying average rates just below or above that applying to the average for public housing. Both NSW and Queensland are paying substantially more, 20% and 22%, respectively. Again because of the large concentrations of remote and very remote dwellings with much lower valuations the average payment in Western Australia is some 11.7% less than the average for public housing.
6.4 Expenditures: Overhead

Graph 49 sets out the same analysis for overhead expenditure\textsuperscript{22}.

\textbf{GRAPH 49}

\textbf{STATE OWNED AND MANAGED INDIGENOUS HOUSING. OVERHEAD PAID PER DWELLING COMPARED TO AVERAGE FOR PUBLIC HOUSING: 2003/04}

Source: Special Spreadsheet Returns- 2005, SOMIHs' and six State Public Housing Authorities.

Only Western Australia and Tasmania have lower overhead expenditure than that applying to public housing and the average for the SOMIHs is almost double that applying to public housing. Because all SOMIHs except Tasmania have more than 1,000 dwellings under management it is unlikely that economies of scale issues are causing this difference with public housing. This is reinforced by the fact that the SOMIH with the smallest dwelling portfolio, Tasmania has by far the lowest average per dwelling expenditure on overhead.

6.5 Rental Rebates

Graph 50 sets out the same analysis for rental rebates.

\textbf{GRAPH 50}

\textbf{STATE OWNED AND MANAGED INDIGENOUS HOUSING. RENTAL REBATES PER DWELLING COMPARED TO PUBLIC HOUSING AVERAGE: 2003/04}

Source: Special Spreadsheet Returns-2005, SOMIHs' and six State Public Housing Authorities.

\textsuperscript{22} Overhead is the sum of salaries and employee related and administrative and working expenditures
Consistent with the higher net rents being received by SOMIHs, is the much lower average rebates being provided by SOMIHs with only Victoria and NSW (because of the high concentrations of dwellings in metropolitan locations with higher than average market rents) exceeding the national public housing average.

6.6 The Recurrent Funding ‘Gap’ before Interest and Depreciation

Graph 51 sets out the average recurrent funding gap per dwelling (before interest and depreciation) for SOMIHs and for public housing.

Source: Special Spreadsheet Returns-2005, SOMIHs’ and six State Public Housing Authorities. All of the SOMIHs with the exception of Tasmania have much higher recurrent funding ‘gaps’ than the average for public housing. However, the public housing average is distorted by the fact that three of the State Housing Authorities are now demonstrating a surplus with one SHA providing quite a substantial surplus. Taking into account only those SHA’s with recurrent funding ‘gaps’ due to higher over the average is only $-628 p.a. for the remaining public housing agencies. This is still considerably smaller than that applying to four of the SOMIHs with only Victoria and Tasmania enjoying lower recurrent funding gaps.

To summarize rents for SOMIHs are higher than for public housing, maintenance expenditures are slightly higher, rates are just marginally higher and overhead is substantially higher, almost double that applying to public housing. With the exception of Western Australia with its much lower revenues there is almost a direct correlation between the size of the recurrent funding gap for SOMIH and the average expended on overhead.
6.7 Net Interest

Graph 52 sets out the same analysis for net interest (Interest Paid less interest received).

**GRAPH 52**

STATE OWNED AND MANAGED INDIGENOUS HOUSING. NET INTEREST PAID PER DWELLING COMPARED TO AVERAGE FOR PUBLIC HOUSING: 2003/04

Source: Special Spreadsheet Returns-2005, SOMIHs' and six State Public Housing Authorities.

Other than South Australia all SOMIH are actually the receivers of net interest payments.

6.8 Depreciation

Graph 53 sets out the same expenses for depreciation.

**GRAPH 53**

STATE OWNED AND MANAGED INDIGENOUS HOUSING. DEPRECIATION EXPENSE PER DWELLING COMPARED TO AVERAGE FOR PUBLIC HOUSING: 2003/04

Source: Special Spreadsheet Returns-2005, SOMIHs' and six State Public Housing Authorities.

Two SOMIHs have no expenses for depreciation whilst only Queensland has an average expense above that of the average for public housing.
So in summary, SOMIHs predominately enjoy:

- higher net rents;
- lower rebates;
- slightly higher maintenance expenditures;
- similar rates;
- net interest receipts; and
- lower depreciation.

than public housing producing higher revenues, and with the exception of overheads, lower cost structures. However, overhead expenses are in the majority of cases almost double that of public housing and have lead to the much higher revenue ‘gap’ (before interest and depreciation).
7 INDIGENOUS COMMUNITY HOUSING ORGANISATIONS: THE CONTEXT

7.1 The Distribution of Indigenous Housing Organisations

According to FaCS there are 616 ICHOs in Australia. Tables 11 and 12 set out the distribution by the Australian Standard Geographical Classification (ASGC) and by State/Territory.

### Table 11
Distribution of ICHOs by ASGC Region

<table>
<thead>
<tr>
<th>AGSC Area</th>
<th>Indigenous Housing Organisations</th>
<th>% Of ICHO Total</th>
<th>Numbers Of Dwellings</th>
<th>% Of ICHO Total</th>
<th>SOMIH Dwelling Numbers</th>
<th>% Of SOMIH Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Cities</td>
<td>43</td>
<td>7.0</td>
<td>818</td>
<td>3.8</td>
<td>4,814</td>
<td>37.4</td>
</tr>
<tr>
<td>Inner Regional</td>
<td>92</td>
<td>14.9</td>
<td>1,828</td>
<td>8.6</td>
<td>2,826</td>
<td>22.0</td>
</tr>
<tr>
<td>Outer Regional</td>
<td>152</td>
<td>24.7</td>
<td>3,649</td>
<td>17.1</td>
<td>2,839</td>
<td>22.1</td>
</tr>
<tr>
<td>Remote</td>
<td>71</td>
<td>11.5</td>
<td>2,658</td>
<td>12.5</td>
<td>1,410</td>
<td>11.0</td>
</tr>
<tr>
<td>Very Remote</td>
<td>258</td>
<td>41.9</td>
<td>12,334</td>
<td>58.0</td>
<td>970</td>
<td>7.5</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>616</strong></td>
<td><strong>21,287</strong></td>
<td><strong>12,859</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Australian Government Department of Family and Community Services, August 2005, Unpublished Spreadsheet, August 2005, Special Questionnaire Returns of SOMIHs.

The geographic distribution of SOMIH and ICHO dwellings is very different, which of itself raises major funding issues. These are discussed in the main findings and conclusions section of the report.

For example some 70% of ICHO dwellings are located in remote and very remote geographical areas, whilst only 18.5% of the total SOMIHs are in the same AGSC areas.

### Table 12
Distribution of ICHOs by State/Territory

<table>
<thead>
<tr>
<th>AGSC Area</th>
<th>Indigenous Housing Organisations</th>
<th>% Of ICHO Total</th>
<th>Numbers Of Dwellings</th>
<th>% Of ICHO Total</th>
<th>SOMIH Dwelling Numbers</th>
<th>% Of SOMIH Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>2</td>
<td>0.3</td>
<td>9</td>
<td>0.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>NSW</td>
<td>203</td>
<td>33.0</td>
<td>4,079</td>
<td>19.1</td>
<td>4,081</td>
<td>31.7</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>111</td>
<td>18.0</td>
<td>6,715</td>
<td>31.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Queensland</td>
<td>116</td>
<td>18.8</td>
<td>5,673</td>
<td>26.1</td>
<td>2,806</td>
<td>21.8</td>
</tr>
<tr>
<td>South Australia</td>
<td>31</td>
<td>5.0</td>
<td>1,004</td>
<td>4.7</td>
<td>1,892</td>
<td>14.7</td>
</tr>
<tr>
<td>Tasmania</td>
<td>3</td>
<td>0.5</td>
<td>118</td>
<td>0.6</td>
<td>341</td>
<td>2.7</td>
</tr>
<tr>
<td>Victoria</td>
<td>25</td>
<td>4.1</td>
<td>416</td>
<td>2.0</td>
<td>1,260</td>
<td>9.8</td>
</tr>
<tr>
<td>Western Australia</td>
<td>125</td>
<td>20.3</td>
<td>3,273</td>
<td>15.4</td>
<td>2,479</td>
<td>19.3</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>616</strong></td>
<td><strong>21,287</strong></td>
<td><strong>12,859</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Australian Government Department Of Family and Community Services, August 2005, Unpublished Spreadsheet, August 2005, Special Questionnaire Returns of SOMIHs.
By way of qualification it should be noted that both Queensland and Western Australia SOMIHs also have a significant proportion of their total portfolios located in these same AGSC locations.

### 7.2 ICHOs: Size Distribution and Organisational Reporting

#### Size Distribution

The main characteristic which emerges is a sector dominated by a large majority of organizations managing very few dwellings.

Table 13 demonstrates just how pervasive and entrenched is this organisational characteristic.

<table>
<thead>
<tr>
<th>Organisational Size</th>
<th>Total No's of Dwellings</th>
<th>% Of Total Dwellings</th>
<th>Number Of Organisations</th>
<th>% Of Total Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Dwellings Or Less</td>
<td>9,663</td>
<td>45.4</td>
<td>504</td>
<td>81.8</td>
</tr>
<tr>
<td>51 to 100</td>
<td>5,361</td>
<td>25.2</td>
<td>77</td>
<td>12.5</td>
</tr>
<tr>
<td>More Than 100</td>
<td>6,263</td>
<td>29.4</td>
<td>35</td>
<td>5.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21,287</td>
<td>616</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Australian Government Department Of Family and Community Services, March 2005, Unpublished Spreadsheet

Nearly 95% of all organisations managing nearly 70% of the dwellings have less than 100 dwellings under management.

#### Organisational reporting capability

Because we have been unable to obtain a representative sample of the appropriate financial information from ICHOs we sought information regarding the kinds of information that ICHOs are required to prepare in reporting their activities from Commonwealth and State organisations providing grants and from the Australian Government Registrar of Aboriginal Corporations (ORAC).

We found that if ICHOs are:

- unincorporated and do not receive grants there is no requirement to report any financial information of any kind;

- if ICHOs are incorporated and do not receive grants they are required to provide annual income and expenditure statements to ORAC. However this is somewhat misleading in that exemptions to the provision of the information can be obtained. A search of ORAC’s records finds 73 incorporated Aboriginal organisations with the word housing in their name. Of these, 26 have been subsequently deregistered, 39 had obtained exemptions from the requirements or to date had not lodged any income and expenditure statements and 8 have provided full financial details. It is therefore unlikely that a significant proportion of those organisations not receiving grants are reporting detailed financial statements elsewhere.

- if ICHOs are receiving Commonwealth grants, comprehensive income and expenditure statements are required to be provided. Where grants from State/Territory Government organisations are being provided, in some cases full income and expenditure statements are currently not being required.

Table 14 summarizes the number of organisations where detailed financial records and income and expenditure statements, are currently not being reported.
Table 14
ICHOS Not Reporting Income and Expenditure Statements

<table>
<thead>
<tr>
<th>Classification</th>
<th>Indigenous Housing Organisations</th>
<th>% Of ICHO Total</th>
<th>Numbers Of Dwellings</th>
<th>% Of ICHO Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receiving Grants and Reporting Full Income and Expenditure Statements</td>
<td>361</td>
<td>58.6</td>
<td>10,762</td>
<td>50.5</td>
</tr>
<tr>
<td>Receiving Grants and Not Reporting Full Income and Expenditure Statements</td>
<td>34</td>
<td>5.5</td>
<td>3,676</td>
<td>17.3</td>
</tr>
<tr>
<td>Not Receiving Grants</td>
<td>221</td>
<td>35.9</td>
<td>6,849</td>
<td>32.2</td>
</tr>
<tr>
<td>TOTAL Not Reporting Income and Expenditure Statements</td>
<td>255</td>
<td>41.4</td>
<td>10,525</td>
<td>49.5</td>
</tr>
<tr>
<td>Total Australia</td>
<td>616</td>
<td></td>
<td>21,287</td>
<td></td>
</tr>
</tbody>
</table>


The analysis outlined above suggests that even if the content of the spreadsheets and questionnaires had been different and face to face techniques used, a representative sample of relevant financial information could not currently be obtained.
8 ANALYSIS: INDIGENOUS COMMUNITY HOUSING ORGANISATIONS: GEOGRAPHIC SEGMENTATION

8.1 ICHOs Indicative Recurrent Financial Analysis:

This section summarizes the results of the financial analysis of the spreadsheets that were returned for the ICHO sector comparing the averages for inner regional, outer regional, remote and Very remote locations. No returns were received from major city locations. Only a scattering of relevant information was received from the questionnaires and is discussed in the conclusions and findings section, which follows this section. The section also includes the results of the focus group analysis undertaken with small ICHOs.

Net rents

Graph 54 sets the average net rents received per dwelling for ICHOs in each of the geographic areas.

Source: Indigenous Community Housing Organisations-2005, Special Spreadsheet Returns

What is striking is the very significant revenue disadvantage suffered by remote and very remote ICHOs. Whilst average rents being received in inner regional and outer regional ICHOs in this sample are higher than that prevailing in SOMIHs, average rents in remote locations are fully 15% lower than the lowest average received by SOMIHs and nearly 33% lower than the SOMIH average.

Average rents in very remote locations are some 30% below the lowest SOMIH average and 43% below the all-SOMIH average.
Expenditures: maintenance

Graph 55 sets out the same analysis for maintenance expenditures.

GRAPH 55

ICHO’s BY GEOGRAPHIC REGION: AVERAGE REAL MAINTENANCE EXPENDITURE PER DWELLING PER ANNUM: $000’s: 2001/02-2003/04

Leaving aside the clearly anomalous result for inner regional ICHOs, it would appear only outer regional ICHOs are likely to be spending enough on maintenance to maintain the real value of the stock, and the average for remote and very remote ICHOs is still some 30% below the SOMIH average. Even in the face of the maintenance grants being received by a large number of remote and very remote ICHOs, it is almost certain that the vast majority of dwellings are not being maintained at levels sufficient to ensure the preservation, or close to the preservation of their original quality.

Source: Indigenous Community Housing Organisations-2005, Special Spreadsheet Returns
Expenditures: rates

Graph 56 sets out the same analysis for rates expenditures

**GRAPH 56**

ICHO’s BY GEOGRAPHIC REGION: AVERAGE RATES EXPENDITURE PER DWELLING PER ANNUM: $000’s: 2001/02-2003/04

![Graph showing rates expenditures by geographic region]

Source: Indigenous Community Housing Organisations-2005, Special Spreadsheet Returns

Whilst inner regional and outer regional ICHOs are paying average rates close to that applying to the average for the SOMIHs ($1,300 in 2003/04), clearly in this area remote and very remote ICHOs have a significant cost advantage. Because of the absence of services and low land values average, rates for these ICHOs are about $900 less than the average for the SOMIHs or some 68% lower.

Expenditures: overhead

Graph 57 sets out the same analysis for overhead, (the sum of the items salaries and employee related and administrative and working expenditures)

**GRAPH 57**

ICHO’s BY GEOGRAPHIC REGION: AVERAGE REAL OVERHEAD (Employee Expenses plus Administration), PER DWELLING PER ANNUM: $000’s: 2001/02-2003/04

![Graph showing overhead expenditures by geographic region]

Source: Indigenous Community Housing Organisations-2005, Special Spreadsheet Returns
Overhead expenses for inner regional and outer regional areas are somewhat higher than the SOMIHs but these cannot be relied upon because of the very small sample. The sample numbers were larger for remote and very remote ICHOs and for these organisations average overhead is less than 50% of the average applying to the SOMIHs and even slightly lower than that applying to public housing. Even with the development and expansion of management grants these low averages are more likely to reflect an absence of available funds for housing management than any significant cost efficiency.

**Net expenditures**

Graph 58 sets out the same analysis for total operating expenditures.

**GRAPH 58**

<table>
<thead>
<tr>
<th>ICHO’s BY GEOGRAPHIC REGION: AVERAGE REAL NET EXPENDITURES PER DWELLING PER ANNUM: $000’s: 2001/02- 2003/04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inner Regional</strong></td>
</tr>
<tr>
<td>2001/02</td>
</tr>
<tr>
<td>2003/04</td>
</tr>
</tbody>
</table>

Source: Indigenous Community Housing Organisations-2005, Special Spreadsheet Returns

Our earlier comments about inner and outer regional results equally apply to total expenditures. For remote and very remote ICHOs, total expenditures before interest and depreciation are some 44% less than the average for the SOMIHs and are only higher than one SOMIH, Tasmania. When compared to public housing they are some 13% lower for the study period.

These expenditures are the result of lower maintenance expenditures and very low rates and housing management outlays. Whilst the rates outcome is a bonus it is likely the other outcomes are a result of the absence of revenues to pay for the required components rather than any special efficiencies.
The revenue ‘gap’

Graph 59 sets out the analysis for the revenue ‘gap’ before interest and depreciation.

**GRAPH 59**

ICHOS BY GEOGRAPHIC REGION: AVERAGE RECURRENT FUNDING ‘GAP’ (excluding Net Interest and Depreciation) PER DWELLING PER ANNUM: $000’s: 2001/02–2003/04

Source: Indigenous Community Housing Organisations-2005, Special Spreadsheet Returns

In 2003/04, other than for outer regional areas, all ICHO average revenue gaps are lower than the average for SOMIH, with remote being 86% lower and very remote 44% lower. However, as previously discussed this is probably an outcome of revenue pressures rather than any inherent efficiencies.

Graph 60 sets out what the average revenue gap for ICHOs would have been if the average SOMIH expenditures for maintenance and overhead were applied. Note, that inner regional and outer regional are not included because their averages for these components were above the SOMIH averages.

**GRAPH 60**

REMOTE AND VERY REMOTE ICHO’s: AVERAGE RECURRENT FUNDING ‘GAP’ PER DWELLING PER ANNUM IF THE SOMIH AVERAGE APPLIED TO MAINTENANCE AND OVERHEAD EXPENDITURE: $000’s: 2003/04

Source: Indigenous Community Housing Organisations-2005, Special Spreadsheet Returns

So if ICHOs in remote and very remote locations spent the same on maintenance and professional housing management, as is the average for the SOMIHs, their recurrent funding gap would increase to $2,400 per annum and $3,800 per annum respectively, with the very remote ICHOs having average shortfalls some $500 per annum more
than the SOMIHs, because of the much lower revenues not being fully offset by the rates savings.

**The revenue ‘gap’ after net interest and depreciation**

Graph 61 sets out the revenue ‘gap’ after net interest and depreciation.

![Graph 61](image)

Source: Indigenous Community Housing Organisations-2005, Special Spreadsheet Returns

All of the ICHOs sampled have no debt and make very little provision for depreciation. As a consequence these expenditure components have a very minor impact on the ICHOs revenue gap with the average for each group increasing by about $200 per annum, whilst remote remained unchanged.

**8.2 Results of the Focus Group Session**

A forum of small ICHOs was held in Brisbane on 13th July 2005. The four areas represented at this discussion included ICHOs from the jurisdictions of NSW, the Northern Territory and Queensland and encompassed a coastal region, an inland town, a far-Northern town and smaller communities within 200 kilometres of a capital city. The issues identified by participants of the focus group resonate with the issues identified in the previous analysis.

**Revenue and rent issues**

The focus group noted:

- Rents tend to be set where possible to cover rates, etc. and emergency repairs; other costs – especially funding for repairs and maintenance and for capital/construction – need to be met by other funding sources. Rent policy varies widely across communities. Some charge income-related rents, others a fixed rent tied to number of bedrooms.

- Many ICHOs are ‘cash strapped’; due to limits on rents that can be charged, lagging funding for repairs and maintenance and major upgrades and acquisition, and have high insurance costs (due to high rate of damage).

- There is some resistance by residents to paying rent to Indigenous organisations – “why should I pay for something that’s mine?” One response is for housing managers to say that rent payments are for provision of services, including repairs and maintenance (R&M).
Community expectations as to tenure, rent levels, and other support, limits revenues and imposes costs – rent discounting and provision of ancillary services.

Some residents believe that their water rates will be covered by their rent; this is not the case, only council rates are so covered. This is a factor in rental arrears.

Practices with respect to the eviction of ‘bad tenants’, who fall behind in rent or damage property, varies widely between communities. In some cases formal eviction policies have to be ignored because they are unenforceable – e.g. to protect the safety of housing workers. This ties in with the cultural perception of residents that it is ‘their land’.

The nature and operation of existing Indigenous community management models has led to low salary and high pressure on housing workers in Indigenous communities. Culturally embedded constraints on rent payment have led to rent arrears and revenue shortfalls which have reinforced R&M backlogs.

Expenditure issues: rates

The focus group noted:

- Rates can be very significant costs for some communities.

Expenditure issues: maintenance

The focus group observed:

- In some ‘closed communities’ – i.e. communities where mainstream agencies stay out, repairs and maintenance tends to be under-provided and houses deteriorate more rapidly than in the general stock.
- Remoteness certainly adds to particular costs associated with material and fuel logistics.
- Climatic and locational factors clearly influence the relative rates of dwelling depreciation and vulnerability to under-maintenance. This is particularly a factor for communities in the far-North.
- Overcrowding is a continuing problem, due in part to lack of new construction.
- Transient visitors to a community can significantly add to overcrowding problems and problems of damage to dwellings.
- Visiting – short and long term – places pressures on the housing stock and increases costs, particularly R&M.
- In some towns, the temporary movement of Indigenous residents from ‘dry communities’ leads to alcohol-related behavioural problems involving overcrowding and damage to housing.
- Rent and maintenance costs are very significant because of tenant and visitor damage. There is a reliance on ‘bail out funds’ from government for cyclic maintenance and major upgrades because rent won’t cover all these expenses.
- The provision of housing for Indigenous people with disabilities and Elders raises costs significantly.
Dealing with disabilities is costly in management time and money. Core funding is inadequate to cover the costs of providing appropriate housing to people with disabilities. Liaising with health authorities and trying to access special funding from State and Commonwealth agencies is time-consuming (and not funded).

Ageing issues are difficult and costly to deal with, especially where the aim is to keep Elders in their homes as long as possible (this is culturally important). The increased life expectancy of older Indigenous people will place rising claims on Indigenous housing organisations to meet the needs of this group, which will require integration of housing and non-housing (e.g. health) services at the community level. Housing for seniors is costly when requiring special features and facilities (wider doors for wheel chairs, ramps, etc.). Existing policies and funding programs are not adequate to this task.

Lifelong tenure and the perceived right of tenure to pass between generations within the family place constraints on efficient stock management. Housing that has been adapted for seniors then passes out of this use to younger family members, creating a demand for new seniors’ housing elsewhere and the removal of expensive facilities from those dwellings passing to younger members.

Expenditure: overhead and management issues

The focus group reported:

- The small scale of operation of many ICHOs results in relatively high unit costs, encouraging amalgamation and alliances to form – e.g. creation of housing development companies by bringing together a number of small cooperatives. This can create administrative and financial difficulties for the provision of other services.

- Lack of scale of operation due to the small size and geographic spread of many communities and deliberate policies of ‘spreading the work’ with respect to minor R&M – leads to high costs, R&M lags, limited financial reserves for emergencies.

- Distance and diversity of communities results in housing cost differentials, especially with respect to the transport of basic materials and goods. Existing funding models for Indigenous housing are not flexible enough to deal with these differences.

- There needs to be a funding formula that has a ‘negotiation factor’ for community organisations to assess and access appropriate finding in the light of demonstrated need relative to these specific factors.

- There are significant management costs caused by travel distance to widely dispersed stock.

- High stress and burn-out on housing staff is a general feature, leading in some cases to high turn-over and therefore high recruitment/training costs.

- The increasingly stringent government rules around quality assurance, accountability and transparency of funding to Indigenous organisations results in a large leakage of funding to non-Indigenous consultants.

- The attempts to integrate housing provision and community training and employment (through CDP) encourages inefficiencies in housing delivery. The conditionality of funding constrains management options.
Policies (enforced by government and/or generated from the community) aimed at tying housing maintenance and construction to local training and employment of Indigenous people can raise the cost of providing housing. Timelines and quality requirements may not be met. The cost of managing the maintenance/construction programs may be higher than dealing with local commercial builders.

There are different priorities with respect to housing provision across communities, e.g. in relation to the size and facilities of dwellings required. These priorities should be identified and feed into funding models.

Aboriginal land Councils have assumed a housing role, in part, because they are seen to be democratically constituted.

**Backlog issues and capital funding**

The focus group noted:

- There are many instances of inappropriate dwelling types which have been inherited from previous policy decisions and funding programs. There is a shortage of large dwellings, i.e. more than 3 bedrooms.

- The nature and operation of existing Indigenous community management models has led to low salaries and high pressure on housing workers in Indigenous communities. Culturally embedded constraints on rent payment have led to rent arrears and revenue shortfalls which have reinforced R&M backlogs.

- Infrastructure: the cost of associated infrastructure like roads, water and sewerage is not a cost inflator in town settings but is in more remote communities. In the latter, tied funding sources need to be accessed but often this funding is not forthcoming or lags behind housing development. This adds to a range of problems related to both housing (e.g. physical deterioration of stock) and non-housing (e.g. illness).

- There are wide differences in the quality and condition of existing housing stock across communities. Recognition in funding models should be given to the inherited state of the stock, especially with respect to the split between capital and recurrent funding.

- There could be a requirement to sell dwellings over 30 years old. This would reduce the costs associated with major upgrades and increase the scope for matching stock with current need. Capital budgets could be determined on a definite life-cycle basis.

- ICHOs should be allowed/encouraged to actively trade stock to match provision with need, as the latter changes over time. Recurrent and capital funding would need to reflect this capacity/flexibility.

- There is strong support in Indigenous communities for tenants to have the right and be subsidised to become home owners. Again, this could be factored into a capital funding model and subsidy arrangements.

- There should be explicit recognition in capital funding for the acquisition of big houses to cater for large families and culturally determined visiting rights.

- The large backlog of sub-standard housing in many communities needs to be identified and a separate fund established and managed to bring those house
up to standard at a faster rate than now. This would need to be complemented by improved management practices to ensure that this (and other housing) is not damaged or run-down at current high rates. Better education of – and incentives for – residents to care for their houses should complement this activity. The average cost of a major upgrade in remoter areas would be in the $70,000 to $100,000 per dwelling range.

- There must be better efforts to deal with run-down stock.
9 FINDINGS AND CONCLUSIONS

Based on the analysis in the previous sections, this last section of the report outlines the main findings and conclusions for the research and indicates possible areas for further development.

9.1 Current Shortfalls

9.1.1 State Owned And Managed Indigenous Housing Organisations

Recurrent ‘gap’

In summary SOMIHs predominately enjoy;

- higher net rents;
- lower rebates;
- slightly higher maintenance expenditures;
- similar rates;
- net interest receipts; and
- lower depreciation.

than public housing.

This produces higher revenues, and with the exception of overheads, lower cost structures.

Overhead expenses are in the majority of cases almost double that of public housing and have lead to the much higher revenue ‘gap’ (before interest and depreciation) totalling $32.1million or $2,415 per dwelling in 2003/04. After interest and depreciation the amount increases to $44.6million p.a. or $3,360 per dwelling.

Issues associated with this outcome are discussed later in the section.

Backlog funding estimate

The questionnaire returns received from the SOMIHs indicate the current capital backlog required for upgrading and dwelling replacement totals $58.1million and assuming a 5 year program would require an annual allocation of $11.62million (unadjusted for cost increases).

9.1.2 Indigenous Community Housing Organisations

The sample returned for metropolitan, inner regional and outer regional is simply too small and too unrepresentative to form any significant conclusions regarding the recurrent revenue ‘gap’ for ICHOs located in these areas. We suggest below a quick process that could help to better quantify possible revenue ‘gaps’ for these ICHOs.

Recurrent ‘gap’

In remote and very remote areas a number of factors complicate the outcome. These are discussed later in this section of the report. Based on the average for the returns received, $17.3million would be required annually to meet the gap between revenue and costs.

If ICHOs in remote and very remote locations spent the same on maintenance and professional housing management, as is the average for the SOMIHs, their recurrent funding gap would be $2,400 per annum and $3,800 per annum respectively. Remote and very remote ICHOs experience average shortfalls of some $500 per annum more
than the SOMIHs, because of the much lower revenues not being fully offset by the rates savings. In total, it is estimated that this would necessitate an allocation for ICHOs in remote and very remote areas of $52.6m annually.

**Backlog funding estimate**

ICHOs in remote and very remote areas estimate that 20% of the current stock requires a significant upgrade and a further 18% full replacement. Based on average costings submitted by the ICHOs for upgrades of $30,000 and for replacement of $215,000, this would, if representative, translate into an average expenditure of $47,000 for every ICHO dwelling in remote and very remote locations. This translates into a backlog requirement across Australia of $705million or $141million annually for 5 years. These numbers are considerably higher than has been reported before (see section 2.1 on current estimates). They are, however, consistent with what would be expected given the long term revenue and maintenance expenditure constraints which have been experienced by ICHOs in remote and very remote locations.

**9.2 What are the Recurrent Revenue Issues and Differences?**

**9.2.1 State Owned And Managed Indigenous Housing Organisations**

Do rent charging policies make a significant difference?

All SOMIHS have rents geared towards capacity to pay and all are marked as a function of assessable income. However, there are some variations in the proportion of income which is charged although it does not appear that this factor is producing a substantial impact on rent received per dwelling. Table 15 summarizes the current rent policies applying in each SOMIH.

<table>
<thead>
<tr>
<th>State</th>
<th>% of Household Income</th>
<th>Payment Required From Other Than Principal Two Income Earners</th>
<th>Average Rent Paid Per Week: $2003/2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria</td>
<td>25% plus 11% of family payment or market whichever is the lesser</td>
<td>-</td>
<td>86.8</td>
</tr>
<tr>
<td>NSW</td>
<td>25% for lower income and 30% for moderate income</td>
<td>-</td>
<td>85.5</td>
</tr>
<tr>
<td>Queensland</td>
<td>21.5% to $300 income per week and then 26% for remainder of income up to market rent</td>
<td>Dependents or residents under 25 and single 10% of assessable income to a maximum of $12 per week for 19yr olds and $24 for 19-24 yr olds</td>
<td>84.4</td>
</tr>
<tr>
<td>S. Australia</td>
<td>25% of assessable household income or market whichever is the lesser</td>
<td>-</td>
<td>81.2</td>
</tr>
<tr>
<td>Tasmania</td>
<td>48.6% of tenants less than 25% and 51.4% of tenants 25% to 30% up to market rent</td>
<td>-</td>
<td>74.4</td>
</tr>
<tr>
<td>W. Australia</td>
<td>25% of assessable household income or market whichever is the lesser</td>
<td>-</td>
<td>64.4</td>
</tr>
<tr>
<td>Very Remote ICHOs</td>
<td>Not income related, mostly flat amount per adult</td>
<td>-</td>
<td>45.5</td>
</tr>
</tbody>
</table>

Source: Special Questionnaire Returns of SOMIHs and ICHOs, August 2005
Leaving aside the issue of bad debts four of the States have average rents received within 6% of each other with Tasmania being some 12% below that of the average for the four highest States and Western Australia almost 25% lower. Very remote ICHOs are fully 58% below the average for the four highest States. Tasmania’s lower rents are explained by nearly half the tenants paying less than 25% of income and the relatively low market rents that apply. However, the rent payment policy of Western Australia is almost identical to South Australia’s; yet average rent revenue received in Western Australia is fully 21% below that of the South Australia.

Is, or could, the household composition of the client base be significant?

Table 16 sets out the percentage of the total households occupied by household type for the clients of 4 of the 6 SOMIHs which were able to provide this information.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Victoria</th>
<th>Queensland</th>
<th>South Australia</th>
<th>Tasmania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>14.3</td>
<td>10.4</td>
<td>77.4</td>
<td>18.8</td>
</tr>
<tr>
<td>Single Parent Family</td>
<td>52.3</td>
<td>36.5</td>
<td>11.7</td>
<td>37.6</td>
</tr>
<tr>
<td>Couple Only</td>
<td>2.8</td>
<td>8.1</td>
<td>1.7</td>
<td>8.3</td>
</tr>
<tr>
<td>Couple and Child</td>
<td>9.9</td>
<td>23.0</td>
<td>4.2</td>
<td>11.4</td>
</tr>
<tr>
<td>Single Aged</td>
<td>8.3</td>
<td>4.8</td>
<td>0.0</td>
<td>9.1</td>
</tr>
<tr>
<td>Couple Aged</td>
<td>2.2</td>
<td>4.5</td>
<td>0.0</td>
<td>4.6</td>
</tr>
<tr>
<td>Group Household</td>
<td>10.1</td>
<td>12.7</td>
<td>5.1</td>
<td>10.3</td>
</tr>
</tbody>
</table>

Source: Special Questionnaire Returns of SOMIHs and ICHOs, August 2005

It does not appear that household type is exerting a major impact on SOMIH revenues and that other factors are more important. Victoria has the highest average rents received yet has the second highest proportion of single income households (75%) of the four SOMIHs, and South Australia with nearly 90% single income households is receiving average rents not appreciably below that of Victoria (6%). If a large proportion of Victoria’s single income households were only receiving pension and benefits, average rents received would be much lower. This is similarly true of South Australia. In Victoria’s case 83% of the households are residing in Melbourne or inner regional locations whilst in South Australia 84% of the households are living in similar locations. It would appear that the geographic location of the stock, employment and hence higher average rents, are a consistent pattern and that, for SOMIHs, geography is a very important determinant of revenue.
Does geography have a significant impact on SOMIH revenues and why?

Table 17 sets out the distribution of SOMIHs dwellings and hence households by AGSC classification.

Table 17
Geographic Distribution Of SOMIH Dwellings By AGSC Regions: 2003/04

<table>
<thead>
<tr>
<th>State</th>
<th>Major Cities</th>
<th>Inner Regional</th>
<th>Outer Regional</th>
<th>Remote</th>
<th>Very Remote</th>
<th>Remote &amp; Very Remote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasmania</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Victoria</td>
<td>37.7</td>
<td>37.0</td>
<td>24.9</td>
<td>0.4</td>
<td>0.0</td>
<td>0.4</td>
</tr>
<tr>
<td>NSW</td>
<td>40.9</td>
<td>32.0</td>
<td>19.9</td>
<td>5.6</td>
<td>1.6</td>
<td>7.2</td>
</tr>
<tr>
<td>South Australia</td>
<td>64.1</td>
<td>20.1</td>
<td>4.1</td>
<td>5.0</td>
<td>6.8</td>
<td>11.8</td>
</tr>
<tr>
<td>Queensland</td>
<td>12.7</td>
<td>15.0</td>
<td>43.7</td>
<td>10.3</td>
<td>18.3</td>
<td>28.6</td>
</tr>
<tr>
<td>Western Australia</td>
<td>30.8</td>
<td>10.1</td>
<td>16.5</td>
<td>32.0</td>
<td>10.5</td>
<td>42.6</td>
</tr>
</tbody>
</table>

Source: Special Questionnaire Returns of SOMIHs, August 2005

The most significant aspect of this table is the much higher proportions of remote and very remote stock applying to the Western Australian portfolio. In the absence of significantly different rent charging policies geography appears to have a major impact on revenue per dwelling.

There appear to be three reasons for this:

- remote and very remote locations have far fewer employment opportunities than those applying in major cities and inner regional situations and this is likely to increase the proportion of households who are pension beneficiaries and, with rent charging a function of income, dilute the average rent being received.

- In remote and very remote locations, market rent regimes are, firstly, hard to establish, and secondly, when established, are at much lower absolute levels than apply in major cities and inner regional locations. Consequently, with rents based on market or a percentage of income whichever is the lesser, market rents may be lower than the requisite percentage of income, even for pension and benefit recipients. This places a severe limit on the revenue per dwelling obtained.

- Lastly, it appears that the two main factors of household composition and geography may influence the levels of bad debts being experienced by SOMIHs. The two SOMIHs with the second and third highest bad debts, as a proportion of rent charged, also have the highest and the second highest proportion of stock in remote and very remote locations. The State with the highest level of reported bad debts also has by far the greatest proportion of single income households.
9.2.2 Indigenous Community Housing Organisations

Table 18 sets out a sample of rent charging policies applied by ICHOs.

Table 18: Rent Charging Regimes In ICHOs: 2003/04

<table>
<thead>
<tr>
<th>Income Related</th>
<th>% Of Market</th>
<th>Income Range</th>
<th>Rent % Of Income</th>
<th>Rent Amount Per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes/No</td>
<td></td>
<td>Inner Regional</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$0.0 - $10,000</td>
<td>No</td>
<td>$110</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$10,000 – $30,000</td>
<td>No</td>
<td>$120</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$30,000- $50,000</td>
<td>Maximum 22.5%</td>
<td>$130</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Market Rent</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$50,000+</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Outer Regional</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>No 80%</td>
<td>All</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Remote</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>No 12%</td>
<td>All</td>
<td>N/A $25 per person</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No Less than 75%</td>
<td>All</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Very Remote</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>No No All</td>
<td>N/A</td>
<td>$25 per person</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No No All</td>
<td>N/A</td>
<td>$15 per person</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No No All</td>
<td>N/A</td>
<td>$20 per person</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No No All</td>
<td>N/A</td>
<td>$65 to $105 per household</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No No All</td>
<td>N/A</td>
<td>3 Bedroom hse post 2001 $55, 3bh prior to 2001 $50, 2bed unit non pensioner $40, 2bu pensioner $30 per week</td>
</tr>
</tbody>
</table>

Source: Special Questionnaire Returns of ICHOs, August 2005

Are current dichotomies in rent setting policies equitable?

It is clear that the predominant mode of rent setting in ICHOs is a flat rate per person and is not related to household income. This raises a fundamental equity issue, under current rent setting regimes, the rent paid by a SOMIH tenant with the same income, in an identical type of dwelling, in the same location may be very much higher than the rent paid by the tenant of an ICHO.

Can recurrent funding programs for Indigenous housing be equitable in the absence of similar rent charging and revenue effort policies?

Given scare grant resources, it is difficult to conceive how equitable recurrent support could be provided to ICHOs in the absence of similar rent charging and revenue effort policies. For example, an ICHO with either very low charging policies and/or significantly bad rental payment debts (given equal expenditure demands for maintenance and housing management) will require much higher levels of recurrent financial support than an ICHO where both rent charging and revenue effort (i.e. arrears management) have been pursued as a priority. This is likely to have the affect
that the amount of grant funds available for maintenance and/or housing management will be less than they might otherwise have been.

In effect such a policy penalises the effort of the ICHO and the community which recognises rent charging policy and rent payments as an important responsibility necessary to the maintenance of the housing quality. A recurrent policy which does not establish rent charging policy and arrears management performance as a key criteria for funding may either create major tensions between differently performing ICHOs, or potentially could lead to the abandonment of revenue responsibility.

**What would income related rents mean for ICHOs?**

In a hypothetical example where:

- all of the households were in receipt of pensions and benefits;
- 50% of the households were single parent families, 20% single persons and 30% couples without children (probably the lowest income option that could be tested);
- 25% of household income was required as a rent payment;
- in remote and very remote areas remote area allowances are paid;

then this would result in the average rent increasing by $20 per household per week and would generate an additional $15m per annum revenue in remote and very remote locations.

Of course the application of any such policy would need to take into consideration the quality of the accommodation and rents would need to be lower for dwellings in poor and very poor condition.

**Notwithstanding the above, is geography important to revenue received by ICHOs?**

As outlined in the earlier discussion on geography and SOMIHs, even with income related rent policies, ICHOs in remote and very remote locations will be ‘challenged’ for all of the reasons outlined (which is clearly demonstrated in Graph 54, page 74), and any recurrent funding support may need to be weighted to reflect this disadvantage.

Given these circumstances, the different distribution of dwellings applying to SOMIH’s and ICHOs raises major issues pertaining to equitable funding.

**9.3 What are the Recurrent Expenditure Issues and Differences?**

**9.3.1 Dwelling Maintenance**

**Does geography affect maintenance costs?**

Table 19 sets out the cyclical and unplanned maintenance expenditure per dwelling for 2003/04 by AGSC regions for the three SOMIHs which were able to provide this information and the average sample of the remote and very remote ICHOs.
TABLE 19: SOMIHs And ICHOs : Maintenance Expenditures Per Dwelling Per Year By AGSC Region 2003/04: $

<table>
<thead>
<tr>
<th>State</th>
<th>Major Cities</th>
<th>Inner Regional</th>
<th>Outer Regional</th>
<th>Remote</th>
<th>Very Remote</th>
<th>Remote &amp; Very Remote Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Australia</td>
<td>3,000</td>
<td>3,100</td>
<td>2,600</td>
<td>1,800</td>
<td>6,700</td>
<td>4,250</td>
</tr>
<tr>
<td>Queensland</td>
<td>1,630</td>
<td>1,580</td>
<td>1,780</td>
<td>2,680</td>
<td>2,030</td>
<td>2,350</td>
</tr>
<tr>
<td>Western Australia</td>
<td>3,300</td>
<td>1,300</td>
<td>3,600</td>
<td>1,700</td>
<td>2,400</td>
<td>2,350</td>
</tr>
<tr>
<td>ICHOs</td>
<td></td>
<td></td>
<td>2,142</td>
<td>1,530</td>
<td>1,380</td>
<td>1,455</td>
</tr>
</tbody>
</table>

Source: Special Questionnaire Returns of SOMIHs, August 2005

Leaving the Western Australian SOMIH aside, average maintenance expenditures by both South Australia and Queensland in remote and very remote areas exceeds the average in major cities by 41% and 26% respectively.

The Commonwealth Department of Housing and Construction (1981), in its study on the lifecycle of buildings, suggests an annual average ‘real’ (after inflation), maintenance expenditure of 1.5% of the original construction cost is required to maintain the real quality of the dwelling. This suggests that on the basis of the estimated $215,000 average ICHO construction cost estimate for dwellings in remote and very remote areas (and the SOMIH estimates are considerably higher), some $3,150 should be provided each year, although major maintenance thresholds (such as kitchen replacement) may reduce the cyclic and unplanned requirement.

Whilst the sample is small this indicates there may be relevant cost pressures affecting maintenance expenditure in remote and very remote areas. The very low figure of the ICHOs is a function of a range of factors rather than the cost efficiencies which many are providing. The most important issue affecting maintenance effort is the lack of revenue available. Whilst in some organizations, State maintenance grants have been introduced the amount per dwelling is not perceived by the sample ICHOs as being sufficient.

Some ICHOs in remote and very remote areas provided a range of comments about maintenance pressures. These are summarized below.

ICHO 1: “Maintenance requirements have not been met due to lack of funding, and maintenance backlogs have occurred over the last 3 years. Expenditure has grown by approximately 25% of dwellings as dwelling stock has deteriorated.”

ICHO 2: “Maintenance is carried out in house. Current maintenance funding levels do not cover the amount of maintenance required”.

ICHO 3 and 4: “Maintenance is carried out by the organisation.”

ICHO 5 “The organisation has either a resident Carpenter who does the work or hires and manages the work of contractors through a system of maintenance work orders. 90% of the housing stock received limited maintenance for years prior to 3 years ago. The Housing Management Program has resulted in more funds being used for repairs and maintenance”

ICHO 6: The Organisation has a Housing Officer who assists the Environmental Health Department and IHANT Officers to complete housing repairs and maintenance surveys annually.
We do most of the carpentry and painting, contractors are used for electrical and plumbing. The maintenance backlog is a never-ending cycle and the high cost of contractors is of concern as is the deterioration of housing stock.

ICHO 7: “Maintenance is carried out in house. Current maintenance funding does not cover the cost”.

Combining the financial analysis with the qualitative comments suggest that four principal conclusions can be made about maintenance in remote and very remote areas.

- revenues have never been sufficient to provide for adequate levels of maintenance expenditure and as a consequence stock deterioration has been occurring for many years;
- maintenance costs in remote and very remote areas are considerably higher than in metropolitan contexts notwithstanding the fact that many of the ICHOs create cost efficiencies in the maintenance process by conducting a large amount of the work themselves;
- in remote and very remote areas the stock deterioration problem of ICHOs which are not receiving any financial support for maintenance, is likely to be chronic, probably with a very high proportion of dwellings in substandard condition;
- whilst Government’s have been introducing maintenance grants in recent years, the amounts provided are not sufficient to prevent further deterioration.

Is overcrowding likely to be affecting such costs in remote and very Remote areas?

A review of the returns for ICHOs shows that occupancy rates per dwelling indicates that, for the sample returned, average occupancy rates per dwelling are 4.15 with about one third children. Whilst not excessive, some ICHOs have much higher occupancy rates than others, and temporary overcrowding, rather than permanent is the problem most often referred to in the focus group responses.

9.3.2 Housing Management Expenditures (Salaries and Employee Related and Administration)

Are housing management expenditures sufficient and efficient?
Sufficiency

Graph 62 sets out the average expenditure on housing management for SOMH’s for remote and very remote ICHOs and for Public Housing (the sample on inner and outer regional ICHOs is too small to be reliable).

Graph 62

ALL SECTORS: HOUSING MANAGEMENT EXPENDITURE, (SALARIES AND ADMINISTRATION), AVERAGE PER DWELLING: 2003/04: $000’s

Source: ICHOs, Public Housing Authorities and SOMIHs, 2005, Special Spreadsheet Returns,

The average management expenditures by SOMIHs is comparatively high and is 40% higher than their average maintenance expenditure and some 2.3 times that which very remote ICHOs spend on this function. Given that (in other than Tasmania), each SOMIH has more than 1,000 dwellings under management, economies of scale cannot be an issue.

By contrast, analysis of the ICHO returns indicate that the fixed costs of running tenancy waiting list and allocation procedures average between $40,000 and $60,000 per annum irrespective of the number of dwellings under management.

It is very likely that remote and very remote ICHO expenditures in this area are not sufficient.

Efficiency

Diseconomies of scale are a major factor affecting ICHO expenditures in this area.

The information presented in Table 14, about the proportion of ICHOs not reporting income and expenditure statements, has serious implications for the capacity of the sector to conduct dynamic and on-going social housing management. Whilst a number of States are making major efforts to assist ICHOs to develop their management capabilities, this process is in its infancy. If no detailed financial records are kept by 50% of ICHO’s then the housing management capacity of a large proportion of ICHOs is inadequate. The most significant barrier to this process is the number of ICHOs with such small dwelling numbers under management that revenues, such as they are, cannot support either the purchase of, or the training and on going staff costs associated with, continuous professional housing management.

Nearly 95% of all organisations managing nearly 70% of the dwellings simply do not obtain enough revenue from rents to support appropriate maintenance and effective,
professional, paid housing management from within. It is unlikely that organisations with less than 75 to 100 dwellings can provide effective management at an efficient per dwelling cost.

Furthermore, attempting to fully support all such organisations with grants from existing resources to cover the full cost of this management would erode the scarce grant resources available to support maintenance of the dwellings and the gradual removal of backlogs.

The lack of both appropriate management information and professional housing management is:

• firstly, due to an the absence of a national prudential regime which has detailed reporting requirements irrespective of the source and/or provision or absence of funding support; and

• secondly, due to a paucity of funds for the development and maintenance of appropriate management techniques.

In turn, this paucity of funds is primarily a function of inadequate revenue arising from a combination of:

• current rent charging policies;

• diseconomies of scale; and

• a lack of clear, consistent, and longstanding management funding support aimed also at developing scale in ICHO housing management.

To assess whether paucity of funds are impacting ICHO’s ability to establish efficient rent charging and maintain effective revenue effort regimes we ran a correlation analysis of ICHO bad debts and expenditures on housing management.

This correlation analysis revealed that there was a 0.7 inverse correlation between the amount spent on housing management per dwelling and the proportion of bad debts; that is, the more spent on housing management, the lower the level of defaults and bad debts.

This analysis also revealed that ICHOs of very similar size, in very similar geographic contexts, with similar client bases, may have very different defaults and bad debts.

We examined ICHOs of similar:

• sizes i.e. dwellings under management;

• isolation i.e. in similar areas of remoteness;

• overcrowding i.e. with similar occupancy rates;

• client profiles; i.e. with similar ratios of children to adults;

• stock condition; i.e. with similar proportions of poor and very poor stock.

In these examples three of the ICHOs were receiving 95% of their potential rent or more and 3 were receiving 50% or less. Whilst very preliminary, these differences in a context of other similarities, suggests that factors other than the five mentioned above are contributing to revenue effort outcomes.

It is very clear that revenue is a constraint on both maintenance and housing management expenditure which in turn affects the ability to ensure revenue effort.

It is a ruinous cycle, insufficient revenue ensures inadequate maintenance and housing management, which ensures poorer quality stock, lower proportions of
potential rents (on current charging practices), which ensures further
deterioration of the stock, and lower housing management expenditures which
ensures even lower revenues and so on.

The Australian Government has suggested that none of the issues mentioned can be
successfully addressed without substantial improvements in the corporate governance
of ICHOs.

9.3.3 Other Expenditures

Are there significant differences in other expenditures?

Graph 63 sets out the average expenditures per dwelling for both SOMIHs and ICHOs
for all other recurrent expenditures except maintenance and housing management.

GRAPH 63

SOMIH's AND ICHO's: AVERAGE EXPENDITURES PER DWELLING: ALL
ITEMS OTHER THAN MAINTENANCE AND OVERHEAD: 2003/04: $000's

<table>
<thead>
<tr>
<th></th>
<th>Rates</th>
<th>Net Interest</th>
<th>Depreciation</th>
<th>TOTAL OTHER EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner Regional</td>
<td>1.2</td>
<td>0.4</td>
<td>0.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Outer Regional</td>
<td>1.3</td>
<td>0.3</td>
<td>0.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Remote</td>
<td>1.6</td>
<td>0.6</td>
<td>0.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Very Remote</td>
<td>2.3</td>
<td>0.7</td>
<td>0.3</td>
<td>1.3</td>
</tr>
<tr>
<td>SOMIH</td>
<td>1.3</td>
<td>0.6</td>
<td>0.2</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: ICHOs, Public Housing Authorities and SOMIHs-2005, Special Spreadsheet Returns

It is clear that, leaving aside maintenance requirements, ICHOs in remote and very
remote locations have substantial cost efficiencies when compared to SOMIHs. Firstly, in these locations rate payments average $1,000 per dwelling less than that
applying to SOMIHs. The absence of debt means there are no interest payment costs
and depreciation is not provided for (however there needs to be some shadow price
established for this item). The scale of the efficiencies is such that they more than
offset the additional maintenance costs outlined earlier.

Therefore it would appear that for ICHOs, appropriate revenue efforts, coupled with
suitable recurrent maintenance and housing management funding and assistance
may well be enough to maintain that stock which is in excellent and good condition.

9.4 Capital Issues

From the surveyed SOMIHs and ICHOs almost all of the respondents were not
involved in the provision or maintenance of infrastructure. For this reason the
discussion on capital issues is confined to housing stock matters.

What is the extent of the capital backlog?

Based on survey responses, little is known about the condition of one third of the
dwellings managed by ICHOs that do not receive grants. Further, returns from ICHOs
in major cities, inner regional and outer regional areas were insufficient to draw any representative conclusions.

The returns from SOMIHs indicate that across Australia a concerted effort to reduce the amount of substandard stock is well advanced and that at $58.1 million the backlog is well under control.

However, the returns from remote and very remote ICHOs suggests that the CHINs estimates of backlogs in ICHOs may be a substantial underestimate of the true extent of the problem. There are several reasons to suggest that this may be so.

The absence of financial reporting information on over one third of the dwellings in the ICHO sector allows no judgements about either rent revenues or maintenance expenditures for this group, but based on the evidence about rent levels in the remainder of the sector, and in the absence of financial support of any kind, suggests that for this group, deterioration of stock condition may be acute.

Secondly, even for those receiving grants, ICHOs revenues are not sufficient to ensure appropriate levels of maintenance. In addition, the provision of recurrent maintenance grants in a range of jurisdictions is a relatively new program initiative. The ICHOs are consistent in their claim that current maintenance grants are not sufficient to prevent further deterioration and the quantitative returns on average maintenance expenditure per dwelling reinforce this view. Therefore, the deterioration of ICHO stock must have been occurring for a considerable period of time if not decades, and it could be expected that the proportion of stock in substandard condition would be quite high.

Thirdly the returns on reported stock condition support the other available data that 18% of stock requires replacement and a further 20% requires a major upgrade. Table 20 sets out the stock condition results based on the available survey data.

<table>
<thead>
<tr>
<th>Stock Condition</th>
<th>Inner Regional</th>
<th>Outer Regional</th>
<th>Remote</th>
<th>Very Remote</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>22.2</td>
<td>12.5</td>
<td>10.0</td>
<td>3.9</td>
<td>7.0</td>
</tr>
<tr>
<td>Good</td>
<td>33.3</td>
<td>50.0</td>
<td>51.0</td>
<td>15.5</td>
<td>22.2</td>
</tr>
<tr>
<td>Fair</td>
<td>22.2</td>
<td>37.5</td>
<td>38.0</td>
<td>37.1</td>
<td>35.3</td>
</tr>
<tr>
<td>Poor</td>
<td>20.0</td>
<td>0.0</td>
<td>0</td>
<td>14.6</td>
<td>13.4</td>
</tr>
<tr>
<td>Very Poor</td>
<td>2.2</td>
<td>0.0</td>
<td>1</td>
<td>7.5</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Source: Special Questionnaire Returns of Indigenous Community Housing Organisations, 2005

Approximately 19.5% of the stock could be considered requiring substantial upgrading or replacement, however the high percentage of stock nominated as being in a ‘fair’ condition, at 35%, supports the view that up to an additional 20% may require a major upgrade.

Whilst it is not possible to be definitive about this issue, doubt must be raised about the CHINS estimates and there needs to be a proper quantity surveyed assessment of current ICHO stock condition including:

- dwellings requiring major upgrade and anticipated average cost per dwelling;
- dwellings requiring replacement and anticipated average cost per dwelling;
• whether or not any funding program should provide weightings on capital support per dwelling for upgrading and replacement, by geography, and the extent of such weightings.

Should there be any program weighting per dwelling by geographic area for the provision of funding for capital upgrading and dwelling replacement?

Earlier sections of the report have established that maintenance costs in remote and very remote locations are higher than could be expected in metropolitan or inner urban contexts. Does this also apply to capital provision? The returns from both the Queensland SOMIH and the ICHOs suggests that this is the case. Table 21 below sets out the average construction cost for a three bedroom dwelling for both Queensland SOMIH and the ICHOs for major cities and regional; remote and very remote.

Table 21: Average Three Bedroom Dwelling Construction Costs: 2005/06: $000’s

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Major Cities and Regional</th>
<th>Remote and Very Remote</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland SOMIH</td>
<td>296.0</td>
<td>544.3</td>
<td>84</td>
</tr>
<tr>
<td>Queensland Community Program</td>
<td>-</td>
<td>260.0</td>
<td></td>
</tr>
<tr>
<td>ICHOs</td>
<td>130.0</td>
<td>216.0</td>
<td>66</td>
</tr>
</tbody>
</table>

Source: Special Questionnaire Returns of SOMIHs and ICHOs, 2005

9.5 Policy Directions

Unfortunately, this research project was unable to meet all of its objectives because of the absence of returns from ICHOs in a range of AGSC areas, and the discovery that even if all of the returns were obtained, ICHOs not receiving grants would not be represented. In addition, many of the SOMIHs and ICHOs were unable to provide detailed information on aspects of revenue and cost differences.

As far as the SOMIHs are concerned there needs to be a concerted effort to reign in housing management expenditures which, during the study period, seem excessive in a number of jurisdictions. There also needs to be recognition by the Australian Government of the special recurrent revenue and cost disadvantages of those SOMIHs whose portfolios contain a high proportion of dwellings located in remote and very remote locations. This also applies to capital assistance.

Leaving aside mainstream public housing, the ICHO sector is responsible for nearly two thirds of the social rental housing provided to Indigenous Australians yet reliable performance and asset information is simply not available for nearly 50% of the dwellings provided by that sector. This needs to be urgently attended to.

It became clear during the course of the research that the housing management capabilities are likely to be inadequate in at least 80% of ICHO organizations. The reasons for this have been outlined earlier but it is suspected that the housing management capacities of ICHOs is affected by limited revenue to support ongoing social housing management.

Some jurisdictions are making concerted efforts to change this situation, and the NSW models which attack both the economy of scale issues and housing management deficiencies should be closely monitored and encouraged. Managing revenue collection, tenancy allocation and asset retention and revitalization for a collection of ICHOs, need not imply a loss of local control by the communities themselves.
It is not beneficial to build new housing if the existing occupied stock is rapidly deteriorating. The very first policy priority should be to create a financially viable and stable ICHO sector, where those dwellings which are in good and fair condition are able to be maintained and improved. This will require concurrent support for recurrent maintenance and housing management funding and models.

Parallel with this support there will need to be a concerted program directed at capital improvement and upgrading, with some funding for SOMIHs, but primarily directed at the ICHO sector.

The efficiency and equity issues identified in this report demand a national response. State/Territory governments, acting alone, will not be able to ensure the consistency of approach and focus which is necessary. The policy framework established by SCIH provides a robust basis on which to progress these issues.

Set out below are some proposals for performance information improvement and funding reform, in the context of the current joint commitment by governments, as summarized in section 2.

**9.6 Policy Suggestions**

**Performance Information**

1. The Australian Government could immediately request those ICHOs obtaining housing grants, and which provide income and expenditure statements as a condition of the grant, to consent to their financial information being used for research purposes, and this study’s financial analysis methodology could be reapplied to these statements to further inform the situation with respect to major city, inner regional and outer regional ICHOs, (in addition to further material on remote and very remote ICHOs)

2. In the provision of all future grants, the Australian Government could request ICHOs to agree to assist in providing responses to relevant surveys of the housing management and stock condition. Upon receipt of these agreements a suitably revised version of the questionnaire used in this study could be pursued.

3. There could be a quantity surveyor-driven analysis of the condition of the housing stock of ICHOs throughout Australia, with priority focused on those organizations not receiving grants. This process could assess by ICHO the number of dwellings requiring upgrades and replacements and the perceived costs of each. Such an exercise could be funded by the Commonwealth and resourced and managed by the SOMIHs with independent consultants undertaking the actual analysis.

4. The Australian Government could establish and fund a National Indigenous Housing Training and Development Centre. This Centre, drawing on and developing relevant existing courses, could be attached to an appropriate University and its courses could have tertiary diploma status.

5. The Centre could focus upon delivering both longer and shorter courses in Indigenous Housing Management drawing heavily on existing Indigenous housing managers. The areas of study could cover;
   - Data base and records keeping management;
   - Rent policy and arrears management;
   - Revenue retention;
   - Tenancy management and allocations;
• Asset management and refurbishment;
• ‘Hands on’ dwelling maintenance;
• Contract negotiations and tendering.

Funding Policy

6. The Australian Government could consider reorganizing its Indigenous housing funding programs into three distinct streams;
   • Recurrent funding support for housing management;
   • Recurrent funding support for housing maintenance;
   • Capital funding for infrastructure improvements and dwelling upgrading and replacement.

7. The recurrent funding support could provide incentives for arrangements which coalesce the housing management of ICHOs into groups with more than 100 dwellings under management;

8. New management and managers could be encouraged to credential themselves via the National Indigenous Housing Training and Development Centre;

9. Funds could be available under this stream for travel and living expenses whilst undergoing housing management training;

10. Organisations receiving maintenance grants could be required to comply with performance criteria pertaining to:
    • financial control and reporting;
    • rent setting policy and revenue effort;
    • arrears and default management;
    • stock retention and maintenance.

11. Weightings could be provided on maintenance grants to recognize remote and very remote cost disabilities: further research (as proposed above) would be required to develop the appropriate set of weightings.

12. The infrastructure and dwelling improvement and replacement program could provide incentives for ICHOs performing well under the recurrent program criteria.

13. Weightings could be provided on capital grants to recognize remote and very remote cost disabilities. Both the recurrent weighting and the capital weighting could be determined by the professionals undertaking the asset and stock condition analysis.
BIBLIOGRAPHY

ABORIGINAL AND TORRES STRAIT ISLANDER COMMISSION, 2002, Annual Report, ATSIC, Canberra

ABORIGINAL HOUSING AND INFRASTRUCTURE UNIT DEPARTMENT OF HOUSING AND WORKS, 2003, Western Australia’s Aboriginal Housing and Infrastructure Plan 2002-2003, DHW, Perth

ABORIGINAL HOUSING BOARD OF VICTORIA, 2000, Summary Of Strategic Plan, AHB, Melbourne


ABORIGINAL HOUSING INFRASTRUCTURE UNIT, WEST AUSTRALIAN MINISTRY OF HOUSING, 2005, Programs and Services 2004/2005, Perth


ABORIGINAL HOUSING SERVICES TASMANIA, 2000, State Operational Guidelines, AHS, Hobart


ABORIGINAL HOUSING SERVICES TASMANIA, 2002, 2001-02 State Plan, AHO, Hobart


AUSTRALIAN BUREAU OF STATISTICS, 2001, ASGC Remoteness Classification: Purposes and Use, ABS Canberra

AUSTRALIAN BUREAU OF STATISTICS, 2002, Housing and Infrastructure In Aboriginal and Torres Strait Islander Communities Australia 2001,ABS Canberra

AUSTRALIAN GOVERNMENT DEPARTMENT OF FAMILY and COMMUNITY SERVICES, 2005, Community Housing and Infrastructure Program, (CHIP), Program Guidelines, 2005-2006, FaCS 2005

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE, 2000, Agreement On National Indigenous Housing Information, AIHW, Canberra

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE, 2002, Community Housing and Infrastructure Needs Survey 2001 (CHINS), AIHW, Canberra

AUSTRALIAN INSTITUTE OF HEALTH AND WELFARE, 2003, Commonwealth-State Agreement national data reports 2002-03, State and territory owned and managed Indigenous Housing, AIHW, Canberra


COMMONWEALTH OF AUSTRALIA, 2002, *An Agreement For The Provision Of Housing And Infrastructure for Aboriginal And Torres Strait Islander People In Western Australia- July 2002 – June 2007*, AGPS, Canberra


DEPARTMENT OF HOUSING AND WORKS, WESTERN AUSTRALIA, 2002, *Submission To The Inquiry Into Provision Of Public Housing to Aboriginal People In Western Australia, DHW, Perth*


PHIBBS P, 2000, *Framework For A Recurrent Funding Program To Aboriginal Community Housing Providers (Achps) Report To The Aboriginal Housing Office Component 1*, AHO, Sydney


11 October 2004

TO RELEVANT CEO's

Dear Mr/Ms

Request for participation: AHURI research project: Indigenous Housing – assessing the long term costs and the optimal balance between recurrent and capital expenditure.

I am writing to ask for your agency's support for a new Australian Housing And Urban Research Institute (AHURI) research project titled Indigenous Housing – assessing the long term costs and the optimal balance between recurrent and capital expenditure.

This is an important policy research project which has been developed in response to a project brief developed by the Standing Committee on Indigenous Housing. The project seeks to cover all States and Territories with the exception of the ACT. The project will be undertaken by an experienced research team including Mike Berry, Jon Hall and Linda Briskman from the Royal Melbourne Institute of Technology (RMIT). A copy of the detailed project description is attached for your information (see Attachment 1).

1. Project overview:

The aims of this project are to:

- develop an understanding of the real costs of providing long term Indigenous housing;
- clarify why cost differentiation exists between the provision of Indigenous specific public and community housing and mainstream public and community housing; and
- provide information which will assist the development of future formulae for balancing capital and recurrent funding.

In line with the AHURI processes, a user group has been formed with representation from the South Australian Aboriginal Housing Agency, Department of Family and Community Services, NSW Aboriginal Housing Authority and the Indigenous Housing Agency of the Northern Territory (check). The user group has reviewed the attached project brief and will review draft project reports throughout the project.
2. Assistance required:

Apart from the AHURI user group involvement, it is essential for the project's success that the researchers secure:

- the participation of the relevant government agency responsible for mainstream public housing and community housing assistance and Indigenous housing programs in your jurisdiction; and unless data is held within these government agencies
- the participation of a range of Indigenous community housing organisations in the development of the research project.

Whilst the project will largely draw on financial information derived from published accounts of housing authorities and a sample of Indigenous community housing organisations, the researchers are also seeking the nomination of contact officers from all participating jurisdictions who can advise on or assist with such matters as:

- the nomination of relevant Indigenous community housing organisations from your jurisdiction;
- appropriate financial definitions for establishing the operating and capital analysis;
- the geographic basis of the analysis and factors driving cost differentials between sectors (check, John)
- the provision of the last 5 years copies of annual reports and published annual financial statements for both mainstream public and community housing and Indigenous housing;
- the clarification of any particular relevant components of particular line items in the published accounts;
- provide details of stock numbers and tenure;
- review the consultants spreadsheet analyses of the information provided by your organisation;
- details of the funding formulae and ratios; and
- review and comment upon the policy option development and analysis.

On behalf of AHURI and the researchers, the Standing Committee is therefore seeking:

- your formal support for the participation of relevant agencies in your jurisdiction in this research project; and
- your nomination of contact officers in the relevant agency or agencies to assist with relevant policy advice and for information and advice on financial issues for public housing and Indigenous housing programs.

To ensure the project can be completed in within its planned timeframes in 2005, it would appreciated if your agency could confirm your agency’s participation in the project and forward the the attached form detailing relevant jurisdictional contact officers (see Attachment 2) to me c/- Ms Julie Conway, National Policy Officer, Standing Committee on Indigenous Housing on Julie.Conway@housing.qld.gov.au by x November 2005.

If you have any questions in relation to this letter or the project please contact Julie Conway on 07-3225 1910 or John Hall who is part of the project team on 02-XXXXXXXXXX.
Yours sincerely

Chris Larkin

Chair

HMAC Standing Committee on Indigenous Housing
### ATTACHMENT 2: LIST OF JURISDICTIONAL CONTACT OFFICERS

**AHURI RESEARCH PROJECT**

**INDIGENOUS HOUSING - ASSESSING THE LONG TERM COSTS AND THE OPTIMAL BALANCE BETWEEN CAPITAL AND RECURRENT FUNDING**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Queensland</td>
<td>Ms Sharyn Kemp</td>
</tr>
<tr>
<td></td>
<td>Senior Policy Officer</td>
</tr>
<tr>
<td></td>
<td>Housing Policy and Research</td>
</tr>
<tr>
<td></td>
<td>Queensland Department of Housing</td>
</tr>
<tr>
<td></td>
<td>Level 13</td>
</tr>
<tr>
<td></td>
<td>61 Mary Street</td>
</tr>
<tr>
<td></td>
<td>GPO Box 690</td>
</tr>
<tr>
<td></td>
<td>Brisbane  Q  4001</td>
</tr>
<tr>
<td></td>
<td>Phone: (07) 3836 0158</td>
</tr>
<tr>
<td></td>
<td>Fax: (07) 3225 1218</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:sharyn.kemp@housing.qld.gov.au">sharyn.kemp@housing.qld.gov.au</a></td>
</tr>
<tr>
<td>New South Wales</td>
<td>Meding Davies</td>
</tr>
<tr>
<td></td>
<td>Management Accountant</td>
</tr>
<tr>
<td></td>
<td>Business Support Branch</td>
</tr>
<tr>
<td></td>
<td>Aboriginal Housing Office</td>
</tr>
<tr>
<td></td>
<td>P O Box W5</td>
</tr>
<tr>
<td></td>
<td>Westfield</td>
</tr>
<tr>
<td></td>
<td>Parramatta NSW 2150</td>
</tr>
<tr>
<td></td>
<td>Phone: (02) 8836 9437</td>
</tr>
<tr>
<td></td>
<td>Fax: (02) 96353400</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:meding.davies@aho.nsw.gov.au">meding.davies@aho.nsw.gov.au</a></td>
</tr>
<tr>
<td>Victoria</td>
<td>Ms Hannah Duncan-Jones</td>
</tr>
<tr>
<td></td>
<td>Manager</td>
</tr>
<tr>
<td></td>
<td>Development Programs</td>
</tr>
<tr>
<td></td>
<td>Housing Services</td>
</tr>
<tr>
<td></td>
<td>Level 7</td>
</tr>
<tr>
<td></td>
<td>555 Collins Street</td>
</tr>
<tr>
<td></td>
<td>Melbourne Vic 3000</td>
</tr>
<tr>
<td></td>
<td>Phone: (03) 9616 8860</td>
</tr>
<tr>
<td></td>
<td>Fax: (03) 9616 7277</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:Hannah.Duncan-Jones@dhs.vic.gov.au">Hannah.Duncan-Jones@dhs.vic.gov.au</a></td>
</tr>
</tbody>
</table>
FACs
Mr Geoff Gook (subsequently Helen Bedford)
Director
Planning Evaluation & Strategic Development Unit
Indigenous Housing & Infrastructure Branch
Level 13
50 Queen Street
Melbourne Vic 3000
Phone: (03) 8619 8010
Fax: (03) 8619 8001
Email: geoff.gook@facs.gov.au

Northern Territory
Peter Thornton
Manager
Policy Indigenous Housing
GPO Box 4621
DARWIN NT 0801
Phone: (08) 8999 8886
Fax: (08) 8999 8393
Email: peter.thorton.@nt.gov.au

Western Australia
Mr Glenn Shaw
Manager
Aboriginal Housing Services
Housing Western Australia
Dept Health & Human Services
4/99 Bathurst St
GPO Box 125
Hobart TAS 7001
Phone: (03) 6233 6233
Fax: (03) 6233 4944
Email: Glenn.shaw@dhhs.tas.gov.au

Western Australia
Mr Garry Ellender
Dept Housing & Works
Manager
Policy & Innovation
Locked Bag 22
East Perth 6890
Phone: (08) 92224758
Fax: (08)9222 4556
Email: gary.ellender@dhw.wa.gov.au

South Australia
Ms Jacqui Lawson
Manager Strategic Development
Aboriginal Housing Authority
153 Wakefield St
Adelaide SA 5000
Phone: (08)8235 4348
Fax: (08)8235 4383
Mobile: 0438 833 249
Email: Lawson.jacqui@saugov.sa.gov.au
ATTACHMENT 3: COMMENTS ON DRAFT QUESTIONNAIRE

Victoria responded as follows.

‘Both the collection instruments look all right. Some concern was expressed re the leading nature of some of the questions (eg "Have you been concentrating on restructuring and/or reducing your liabilities?") - I am assuming that this is intentional given the somewhat abstract nature of the issues under investigation’.

FACS made a series of detailed comments on the questionnaire for Indigenous Housing Organisations, and also identified errors in the Attachments. The detailed comments are set out below.

‘It is much safer to ask for total $ amounts and then calculate averages or ratios after data entry than it is to ask respondents to do it. Few people have good understanding of ratio. Many people make errors with percentages. For example, change Q36 from "% of HHs" to "number of HHs". Also applies to Qs 15, 20, 28, 30, 31, 32, 33, 34, 35, 39, 40, 41, 43.

- Q4 is ambiguous. How would you interpret a response of 30%? Why not just ask how rents are calculated?
- Q5 suggest “your organisation” instead of “in-house”.
- Q6 may not be clear. Please explain “geographic distribution”, “portfolio”.
- What time period are you asking about in Q7? There may be issues of recall or staff turnover. Some respondents may interpret “expansion per household” to mean that you want to know whether average household size has increased.
- Not sure “asset degradation” in Q8 will be understood.
- What are “on-costs” in Q9?
- For Q10 we suggest, “How much did you spend last year on …, such as a, b, and c”. Then you can calculate the percentage from other information they supply.
- Need to explain what is included in housing management development (Q11). Make three questions.
  - Do you have …?
  - How much …?
  - What will you spend …? (Explain whether “this function” means the costs or the plan.)
- Q12 – how do you measure significance? What time period should be considered?
- Q13 – what is “substantial”?
- Q14 – split into three questions. To what time period does this refer? There may be issues of recall or staff turnover.
- What defines "aged" in household type (Qs15, 34, 35, 36)? You could fit Qs34, 36, 15 and probably 35 in one landscape table.
- Q15 – to what point of time or time period does this refer? On what basis should the % be calculated? Rent charged per week? Total yearly rent charged?
- What is "concentrating" in Q16?
• Are Q17 and Q18 for everyone, or just those who said “yes” to Q16? Suggest “What have you done to reduce your debt?” for Q17, and “How are you managing to reduce your debt?” for Q18.

• Q19 – probably too many categories. It may be difficult for a respondent to supply accurately an age above 30 years.

• Q20 is unclear. You do not specify:
  how many years are to be taken into account;
  whether the condition of the dwelling is before the work or after it;
  the difference between redevelopment and replacement - to me if you redevelop premises you knock down the building(s) and start again;
  whether the denominator for the averages is all dwellings in that category or only dwellings that had work done on them.

• Q21 requires a yes/no answer, so a small box is sufficient. However you need sequence guides to direct people to Q22 or Q23. Simplify language.

• Q22, Q24 are double-barrelled.

• Q25 is unnecessary. The information was requested in Q19.

• Q27 – draw boxes labelled “Yes” and “No”.

• Q28 – suggest “last year”.

• Will respondents understand the paragraph after Q29? It is not clear whether you are suggesting that respondents “sample and estimate”, or whether you are planning to do this.

• Q30 repeats information asked in Q1.

• Q33 is an income question in the middle of expenditure questions. Which year do you want? It would be preferable for headings to be just $.

• Q34 preamble and table do not match. Where do you put a couple with one child? Should the table read, “Couple with children”? This repeats part of Q15.

• Asking annual costs (e.g. Qs 39, 40, 41, 43) is unclear. Costs will vary from year to year. Which year do you want? If you want an average, over how many years?”
# ATTACHMENT 4: FINANCIAL SPREADSHEET RETURN

## INDIGENOUS HOUSING: STOCK NUMBERS AND RECURRENT INCOME AND EXPENDITURE:

See Notes Below For Item Definitions

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>HOUSING STOCK</th>
<th>RECURRENT FINANCIAL CORE ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL HOUSING STOCK NUMBERS</strong></td>
<td>[Note 1]</td>
<td></td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Net Reels [Note 2]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Management Fees [Note 3]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Sundry Income [Note 4]</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Property and Residential Tenancy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Maintenance [Note 5]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Rates [Note 6]</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Property and Residential Tenancy</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7 Employee Related: Housing Management Development Only [Note 7]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Employee Related: Excluding Housing Management Development [Note 8]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Administrative and Working [Note 9]</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Employee Related and Administrative and Working</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>10 Doubtful Debts [Note 10]</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL OPERATING COSTS</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>OPERATING SURPLUS/DEFICIT</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>ADD BACKS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Grants and Subsidies Received [Note 11]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Interest Earned [Note 12]</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ADDITIONAL REVENUE</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Infrastructure Maintenance [Note 13]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Rental Subsidies [Note 14]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Grants and Subsidies paid [Note 15]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Interest Paid [Note 16]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Depreciation [Note 17]</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ADDITIONAL EXPENDITURES</strong></td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
NOTE 1: Includes all dwellings owned by public housing providers but excludes all dwellings leased from private sector sources. In this regard all revenues and costs associated with leased dwellings should be excluded from the analysis.

NOTE 2: Net Rents are gross rents minus rental rebates but before arrears and defaults written off and/or provisioned for.

NOTE 3: Public housing authorities or State Indigenous housing providers may receive fees for managing dwellings on behalf of other agencies. Where this does not involve project management fees (which should be included in the capital analysis) or involve a State Housing Authority leasing back dwellings the incomes should be included in the core analysis.

NOTE 4: Sundry Income includes contributions from other government agencies (excluding grants or subsides), rental bonds recovered, insurance recovery, bad debts recovered, contributions from the community and other (unclaimed monies). It includes any project management fees not attached to any capital projects which should be recognised in the capital spreadsheet.

NOTE 5: Maintenance costs are incurred to maintain the value of the asset. The definition includes day-to-day maintenance reflecting general wear and tear, cyclical maintenance, performed as part of a planned maintenance program and other maintenance such as repairs for vandalism. It does not include renewal or replacement which improves the efficiency of the asset, improvements in the quality of the asset, anything so renewals and capital improvements should be excluded.

NOTE 6: Rates include any ex-gratia or actual rates payments made to Local Authorities and Water Suppliers.

NOTE 7: Includes any and all payments or grants provided for housing management training, development, and any expenses incurred therefor.

NOTE 8: Includes Wages, Redundancy, Worker Comp, Annual Leave, Long Service Leave, Payroll Tax, Other Employee Benefits and Superannuation but does not include any superannuation surplus or deficit positions adjusted for or payments or expenses incurred for housing management development.


NOTE 10: Doubtful debts is the historically rebalanced amount actually written off for the year, i.e. net provisions.

NOTE 11: Grants and Subsidies Received includes all grants and subsidies paid to the authority from Commonwealth and State sources; both tied and untied.

NOTE 12: Interest Earned is simply any interest received or accrued for funds invested either short or long term.

NOTE 13: The definition includes day-to-day maintenance on essential infrastructure such as electricity, water supply and sewerage, reflecting general wear and tear, cyclical maintenance, performed as part of a planned maintenance program and other maintenance such as repairs for vandalism. It does not include renewal or replacement which improves the efficiency of the asset, improvements in the quality of the asset, so renewals and capital improvements should be excluded.

NOTE 14: Rental Rebates are the difference between gross market residential rents and actual rent charged.

NOTE 15: Most public housing authorities and perhaps some State Indigenous housing providers provide a variety of grants and subsidies to third parties. The types of typical payments are: rental assistance; housing community assistance; housing grants; home and community care; land tax; rental subsidy; housing management and training; leasing; other. Grants and subsidies paid for infrastructure provision or revitalisation, neighbourhood improvement upgrading and redevelopment of dwellings should be included in the capital analysis. Grants paid for improvement and training of housing managers should be included in Item 7.

NOTE 16: Interest Paid is the sum of the interest payments made for any concessional or non concessional loan liabilities of the housing provider.

NOTE 17: Depreciation be added here at the rate and for the amount used by the housing provider.
INDIGENOUS HOUSING: STOCK NUMBERS AND CAPITAL INCOME AND EXPENDITURE:
See Notes Below For Item Definitions

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOUSING STOCK</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL HOUSING STOCK NUMBERS: As Per Recurrent Sheets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Gross Profits From The Sale Of Dwellings (Note 1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Project Management Fees for Capital Projects (Note 2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CAPITAL REVENUE</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Realisation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Gross Losses On The Sale Of Dwellings (Note 3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Dwelling Disposal Costs (Note 4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Asset Realisation</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Asset Improvement and Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Dwelling Upgrading On Improvement. (Note 5)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Dwelling Redevelopment: (Note 6)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Neighbourhood Improvement: (Note 7)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure: (Note 8)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Asset Realisation</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Working Expenses Capitalised To Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Salaries And Employee Expenses Capitalised To Projects (Note 9)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Administration and Working Expenses Capitalised To Projects: (Note 10)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Working Expenses Capitalised To Projects</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL CAPITAL EXPENDITURES</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>OPERATING SURPLUS DEFICIT</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

ADD BACKS

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Capital Grants: (Note 11)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Premiums On Investments: (Note 12)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Receipts Of Investment Principal: (Note 13)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Capital Profits From Other Projects (Non Housing Related): (Note 14)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL ADDITIONAL CAPITAL INCOME</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Capital Grants Paid: (Note 15)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Discounts On Investments: (Note 16)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Payments Of Loan Principal: (Note 17)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Capital Losses From Other Projects (Non Housing Related): (Note 18)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Disposal Costs Associated With Non Housing Related Projects: (Note 19)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL ADDITIONAL CAPITAL EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

120
| NOTE 1 | The difference between the purchase price or cost and the sale price of all dwellings where the latter is greater. |
| NOTE 2 | All fees or charges paid to the housing provider originating from capital projects. |
| NOTE 3 | The difference between the purchase price or cost and the sale price of all dwellings where the latter is the lesser. |
| NOTE 4 | All transaction costs associated with the sale of any dwellings or other property, i.e. legal, agents fees, bank charges etc. |
| NOTE 5 | Expenditures on existing dwellings which do not involve demolition and which are not part of the expenditures defined as maintenance, (regular, cyclical or urgent). |
| NOTE 6 | Expenditures on existing dwelling sites which involve demolition and reconstruction. |
| NOTE 7 | Expenditures in existing housing developments of a non housing and non-infrastructure capital nature such as landscaping, street widening, street lighting, street realignment etc. |
| NOTE 8 | All expenditures in existing housing developments which are concerned with the supply of essential infrastructure such as power, water and sewerage. |
| NOTE 9 | Includes Wages, Redundancy, Worker Comp, Annual Leave, Long Service Leave, Payroll Tax, Other Employee Benefits and Superannuation capitalised to projects. |
| NOTE 10 | Includes Professional Services, Property Expenses, System Support, Insurance Premium, Other Operating, Communications and Office Supply, Office Accommodation, Depreciation Plant & Equip, Leasehold Improv, Computer Software, Land Tax Equity, and Other capitalised to projects. |
| NOTE 11 | All grants received from outside the business applied to purposes of acquiring, improving, redeveloping housing or related infrastructure. |
| NOTE 12 | Net profits accruing or received from the sale of investments, such as fixed rate bonds where the bond interest rate is higher than the current rate. |
| NOTE 13 | Receipts of investment principal applied to the purposes of acquiring, improving, redeveloping housing or related infrastructure. |
| NOTE 14 | Gross profits arising from non housing related property activities such as shops, offices etc, being the difference between the purchase price and any other related capital costs and the sale price where the latter is greater. |
| NOTE 15 | Payments made to external providers of public or indigenous housing for the purposes of acquiring, improving or redeveloping housing or related infrastructure. |
| NOTE 16 | Net losses accruing or received from the sale of investments, such as fixed rate bonds where the bond interest rate is lower than the current rate. |
| NOTE 17 | The repayments or principal on loans acquired for the purposes of acquiring, improving or redeveloping housing or related infrastructure. |
| NOTE 18 | Gross losses arising from non housing related property activities such as shops, offices etc, being the difference between the purchase price and any other related capital costs and the sale price where the latter is the lesser. |
| NOTE 19 | All transaction costs associated with the sale of non housing related property activities, i.e. legal, agents fees, bank charges etc. |
ATTACHMENT 5: QUESTIONNAIRES 1: STATE OWNED AND MANAGED INDIGENOUS HOUSING ORGANISATIONS

Geographic Distribution

1. How are your stock numbers distributed according to the ABS modified ARIA (ASGC) classification? (See Attachment 1 for definitions)

<table>
<thead>
<tr>
<th>ASGC Classification</th>
<th>Stock Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan</td>
<td></td>
</tr>
<tr>
<td>Inner Regional</td>
<td></td>
</tr>
<tr>
<td>Outer Regional</td>
<td></td>
</tr>
<tr>
<td>Remote</td>
<td></td>
</tr>
<tr>
<td>Very Remote</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
</tr>
</tbody>
</table>

Recurrence Income and Expenditure

2. Have changes in the mix of household types and incomes affected the ratio of persons to bedrooms, (or the number of smaller households being housed in larger dwellings), and the net rents being received?

COMMENT

3. What changes have occurred in your rent setting and charging policies in the last three years?

COMMENT

4. What proportion of household income or market rent do households pay? Please specify.

<table>
<thead>
<tr>
<th>Household Income %</th>
<th>Or</th>
<th>Market Rent %</th>
</tr>
</thead>
</table>
If rent is set by another method please explain. Is there any supporting documentation which can be provided electronically to us? If so please provide.

COMMENT

5. Who is responsible for the maintenance\(^{23}\) (See Footnote for definition) of the dwellings? Do you manage maintenance yourselves or is maintenance management contracted out?

COMMENT

6. Has the geographic spread, (or range of locations of the dwellings) and the dwelling type mix impacted on administration\(^{24}\) (see footnote for definition), and maintenance costs?

COMMENT

7. For the last 3 years what has happened to non planned maintenance expenditure and what are the causes of any significant increase in cost per household?

COMMENT

8. For the last 3 years to what extent have maintenance backlogs and any deterioration of the dwelling stock contributed to the growth in maintenance expenditure?

COMMENT

---

\(^{23}\) Maintenance costs are incurred to maintain the value of the asset. The definition includes day-to-day maintenance reflecting general wear and tear, cyclical maintenance, performed as part of a planned maintenance program and other maintenance such as repairs for vandalism. It does not include renewal, replacement or anything which improves the efficiency of the asset, or improvements in the quality of the asset.

\(^{24}\) Includes Professional Services, Property Expenses, System Support, Insurance Premium, Other Operating, Communications and Office Supply, Office Accommodation, Depreciation Plant & Equip, Leasehold Improvements, Computer Software, Land Tax Equiv, and Other
9. Have there been any significant increases in salary and wages on costs (annual leave, sick leave, long service leave loading, superannuation contributions) in the last 3 years? What are the main items contributing to these increases?

COMMENT

10. In the 2003/04 financial year what percentage of existing administration costs was spent on non-housing related support services\(^{25}\) (see footnote for definition) for tenants, such as debt and drug counseling, estate participation, tenant participation etc.

COMMENT

11. Do you have a housing management development plan? Please insert a Y or a N.

YES  

NO  

12. In 2003/04 financial year what percentage of your employee related\(^{26}\) (see footnote for definition) and administration costs is allocated to housing management development, (housing management business plan, housing management training and development, technological aids etc).

COMMENT

13. In the last 3 years how have rates payments to Local Authorities changed and how significant, (i.e. what percentage of your operating expenditure) is this expenditure item?

COMMENT

14. For the last 3 years what are the trends in rental delinquencies, rental arrears and evictions?

COMMENT

\(^{25}\) Any administration expenditures either not related or supporting dwelling management(maintenance, rates etc) or tenancy allocations, rent collections, and tenancy exits and turnover.

\(^{26}\) Includes Wages, Redundancy, Worker Comp, Annual Leave, Long Service Leave, Payroll Tax, Other Employee Benefits and Superannuation but does not include any superannuation surplus or deficit positions adjusted for or payments or expenses incurred for housing management development.
15. In financial year 2003/04 what are the arrears and rent written off by each type of household? ($ value and % of rent charged\(^{27}\)). Estimate if necessary.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Nos</th>
<th>Arrears</th>
<th></th>
<th>Rent Written Off</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$ Value</td>
<td>% Rent</td>
<td>$ Value</td>
<td>% Rent</td>
</tr>
<tr>
<td>Single Disabled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only Disabled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Child Disabled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Non Aged) Persons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Parent. Fam.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple &amp; Child</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Aged (65 and Over)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Aged</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Household</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Capital Income and Expenditure

16. Have you been focusing on restructuring and/or reducing your liabilities? Please insert a Y or a N.

YES  [ ]  NO  [ ]

17. If yes please explain. If no go to question 18.

COMMENT

18. Have you taken any steps to pay down the principal owed on your existing debt? Please insert a Y or a N for Yes or No

YES  [ ]  NO  [ ]

19. If yes please explain. If no go to question 21

COMMENT

\(^{27}\) Rents charged are gross rents minus rental rebates but before arrears and defaults written off and/or provisioned for.
20. How are you, financing your debt reduction strategy?

COMMENT

21. What stock is in Excellent, Good, Fair, Poor or Very Poor (needing redevelopment) condition? Please fill in the table below?

<table>
<thead>
<tr>
<th>Age: (years)</th>
<th>Stock Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Excellent</td>
</tr>
<tr>
<td>Less than 5</td>
<td></td>
</tr>
<tr>
<td>5 to 10</td>
<td></td>
</tr>
<tr>
<td>10 to 15</td>
<td></td>
</tr>
<tr>
<td>15 to 20</td>
<td></td>
</tr>
<tr>
<td>20 to 30</td>
<td></td>
</tr>
<tr>
<td>More than 30</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
</tr>
</tbody>
</table>

22. In 2003/04 for each category of dwellings in fair, poor and very poor condition what was the average amount for that category spent on capital improvement\(^{28}\) (see footnote for definition), and/or redevelopment\(^{29}\) per dwelling? Please fill in the table.

<table>
<thead>
<tr>
<th>Function</th>
<th>Average Dollars Per Annum Per Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair</td>
</tr>
<tr>
<td>Improvement</td>
<td></td>
</tr>
<tr>
<td>Redevelopment</td>
<td></td>
</tr>
</tbody>
</table>

23. Have you embarked on a major asset restoration program in the last ten years? Please enter a Y or a N for Yes or No. If No go to question 25.

YES  

NO

24. When do you think this program may be completed and how much more will cost?

COMMENT

\(^{28}\) Improvements are expenditures on existing dwellings which do not involve demolition and which are not part of the expenditures defined as maintenance, (regular, cyclical or urgent)

\(^{29}\) Redevelopment is expenditure on existing dwelling sites which involve demolition and reconstruction.
25. If you haven’t do you believe you now need to undertake a major dwelling restoration/restructure? Please enter a Y or an N for Yes or No. If No please go to question 27.

YES  NO

26. What do you think the costs of this program might be and how long do you think it might take?

COMMENT

27. How many of your dwellings currently require replacement? What percentage of the total owned stock does this represent?

COMMENT

28. What is the average replacement cost?

COMMENT

Infrastructure

29. Are, or were you responsible for the supply and maintenance of any essential infrastructure, i.e. water, sewer and electricity?

Please enter a Y or an N for Yes or No. If No please go to question 32.

YES  NO


<table>
<thead>
<tr>
<th>Function</th>
<th>Maintenance</th>
<th>Employee Related and Administration and Working</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ p.a.</td>
<td>% Of Total Maintenance</td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

31. Does any of the essential infrastructure supporting your housing need substantial upgrading, or replacement? Please enter a Y or an N for Yes or No. If No please go to question 33.

YES  NO
32. If yes please fill in the table below.

<table>
<thead>
<tr>
<th>Function</th>
<th>Upgrading</th>
<th>Replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ Cost</td>
<td>$ Cost</td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The next set of questions are directed at establishing whether differences in the age and condition of the stock and the client composition create revenue and cost structure differences in housing providers.

If definite numbers cannot be obtained it may be necessary for you to estimate based on experience. If estimates are provided please acknowledge as an estimate by placing an E next to the number.

**Income and Cost Base Differences**

33. What is the annual maintenance and overhead per dwelling (employee related and administrative and working as set out earlier in footnotes)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inner Regional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outer Regional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remote</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Remote</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

34. For 2003/04 what is the annual maintenance and overhead per dwelling for each category of dwellings outlined in the Table below, (employee related and administrative and employee related as per Footnotes 2 and 5 pages 2 and 5).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 to 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 to 15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 to 20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 to 30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
35. In 2003/04 what was the average annual maintenance and overhead cost per dwelling for dwellings in each of the categories, (excellent, good etc)

<table>
<thead>
<tr>
<th>Function</th>
<th>Average Dollars Per Annum Per Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Excellent</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
</tr>
<tr>
<td>Employee Related</td>
<td></td>
</tr>
<tr>
<td>Administrative And Working</td>
<td></td>
</tr>
</tbody>
</table>

36. How much of the stock is standard, specialist, (disability aged) and supported accommodation, (hostels, specialist care)? Please fill in the numbers in the table below. In 2003/04 what is the annual average maintenance and overhead cost per dwelling for each stock type listed in the table below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist (Disabled Modified)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist (Aged)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist (Frail Aged Modified)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hostels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communal Housing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

37. What are the tenant numbers of households represented by single disabled, couple disabled, couple and children disabled, single fit non aged persons, single parent families, couples only, couple with children, single aged, couple aged and group households? In 2003/04 what is the average rent charged and paid by each household category? Please fill in the Table below.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Nos</th>
<th>Average Rent Charged Per Week: $</th>
<th>Average Rent Paid Per Week: $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple and Children Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Non Aged) Persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Parent. Fam.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple &amp; Child</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
38. In 2003/04 what was the average maintenance and overhead cost by household category. Please fill in the Table below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Child Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Non Aged) Persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Parent. Fam.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple &amp; Child</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Aged</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Aged</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Household</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

39. In 2003/04 what percentage of each household category is in arrears\(^{30}\) (see footnote for definitions of arrears and defaults) or defaulting\(^{31}\) on their rent payment? Please fill in the table below.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>2 or 3 period payments behind. % of households in category</th>
<th>Defaulting (three periods in arrears or more). % of households in category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only Disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple and Child Disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Non Aged) Persons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Parent. Fam.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple &amp; Child</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Aged</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Aged</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Household</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Tenancy Management**

\(^{30}\) Arrears means any household more than one period payment behind  
\(^{31}\) Defaults means any household three period payments in arrears or more
40. Do you have a wait list? Please insert a Y for Yes or N for No in the boxes provided. If no go to question 43

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

41. Does your organization administer the wait list? Please insert a Y for Yes or N for No in the boxes provided. If yes go to question 43.

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

42. If no who administers the wait list?

COMMENT

43. In 2003/04 what did the administration of the waiting list cost?

COMMENT

44. In 2003/04 what was the total cost of tenancy management (waiting lists, allocations, rent setting and collection, maintenance requests, complaints and disputes and arrears management)?

COMMENT
**Materials and Labour Costs**

45. In 2003/04 what is the split between materials and labour costs per dwelling for dwelling and, if appropriate, infrastructure maintenance, dwelling improvement, dwelling redevelopment, new dwellings, and if appropriate, infrastructure upgrading and new infrastructure? Please fill in the table below.

<table>
<thead>
<tr>
<th>Function</th>
<th>Maintenance: Average Per Dwelling: Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwellings</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improvement and Upgrading: Average Per Dwelling: Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwellings</td>
</tr>
<tr>
<td>Electricity</td>
</tr>
<tr>
<td>Water</td>
</tr>
<tr>
<td>Sewer</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Works: Average Per New Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwellings</td>
</tr>
<tr>
<td>Electricity</td>
</tr>
<tr>
<td>Water</td>
</tr>
<tr>
<td>Sewer</td>
</tr>
</tbody>
</table>

**Special Income And Cost Issues**

46. What other special issues contribute to your income and cost structure?

**COMMENT**

47. How do these special issues affect the income and costs and by roughly how much on average per dwelling per year? Please list.

**COMMENT**
QUESTIONNAIRE 2: INDIGENOUS COMMUNITY HOUSING ORGANISATIONS

Recurrent Income and Expenditure

1. What changes have occurred in your rent setting and charging policies in the last three years?

COMMENT

2. What proportion of household income or market rent do households pay? Please specify.

<table>
<thead>
<tr>
<th>Household Income %</th>
<th>Or</th>
<th>Market Rent %</th>
</tr>
</thead>
</table>

If rent is set by another method please explain. Is there any supporting documentation which can be provided electronically to us? If so please provide.

COMMENT

3. Have changes in the mix of household types and incomes affected the ratio of persons to bedrooms, (or the number of smaller households being housed in larger dwellings), and the net rents being received?

COMMENT

4. Who is responsible for the maintenance 32 (See Footnote for definition) of the dwellings? Do you manage maintenance yourselves or is maintenance management contracted out?

COMMENT

---

32 Maintenance costs are incurred to maintain the value of the asset. The definition includes day-to-day maintenance reflecting general wear and tear, cyclical maintenance, performed as part of a planned maintenance program and other maintenance such as repairs for vandalism. It does not include renewal, replacement or anything which improves the efficiency of the asset, or improvements in the quality of the asset.
5. Has the geographic spread, (or range of locations of the dwellings) and the
dwelling type mix impacted on administration\(^{33}\) (see footnote for definition),
and maintenance costs?

COMMENT

6. For the last 3 years what has happened to non planned maintenance
expenditure and what are the causes of any significant increase in cost per
household?

COMMENT

7. For the last 3 years to what extent have maintenance backlogs and any
deterioration of the dwelling stock contributed to the growth in maintenance
expenditure?

COMMENT

8. Have there been any significant increases in salary and wages on costs
(annual leave, sick leave, long service leave loading, superannuation
contributions) in the last 3 years? What are the main items contributing to
these increases?

COMMENT

9. In the 2003/04 financial year what percentage of existing administration
costs was spent on non-housing related support services\(^{34}\) (see footnote for
definition) for tenants, such as debt and drug counseling, estate
participation, tenant participation etc.

COMMENT

10. Do you have a housing management development plan? Please insert a Y or
a N.

YES \[\square\] \hspace{1cm} NO \[\square\]

\(^{33}\) Includes Professional Services, Property Expenses, System Support, Insurance Premium, Other Operating,
Communications and Office Supply, Office Accommodation, Depreciation Plant & Equip, Leasehold Improvements,
Computer Software, Land Tax Equiv, and Other

\(^{34}\) Any administration expenditure either not related or supporting dwelling management(maintenance, rates etc) or
tenancy allocations, rent collections, and tenancy exits and turnover.
11. In 2003/04 financial year what percentage of your employee related (see footnote for definition) and administration costs is allocated to housing management development, (housing management business plan, housing management training and development, technological aids etc).

COMMENT

12. In the last 3 years how have rates payments to Local Authorities changed and how significant, (i.e. what percentage of your operating expenditure) is this expenditure item?

COMMENT

13. For the last 3 years what are the trends in rental delinquencies, rental arrears and evictions?

COMMENT

14. In financial year 2003/04 what are the arrears and rent written off by each type of household? ($ value and % of rent charged). Estimate if necessary.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Nos</th>
<th>Arrears $ Value</th>
<th>% Rent</th>
<th>Rent Written Off $ Value</th>
<th>% Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Disabled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only Disabled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Child Disabled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Non Aged) Persons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Parent. Fam.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple &amp; Child</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Aged (65 and Over)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Aged</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Household</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: 35 Includes Wages, Redundancy, Worker Comp, Annual Leave, Long Service Leave, Payroll Tax, Other Employee Benefits and Superannuation but does not include any superannuation surplus or deficit positions adjusted for or payments or expenses incurred for housing management development.

Note: 36 Rents charged are gross rents minus rental rebates but before arrears and defaults written off and/or provisioned for.
Capital Income and Expenditure

15. Have you been focusing on restructuring and/or reducing your liabilities? Please insert a Y or a N.

YES ☐ NO ☐

16. If yes please explain. If no go to question 18.

COMMENT

17. Have you taken any steps to pay down the principal owed on your existing debt? Please insert a Y or a N for Yes or No

YES ☐ NO ☐

18. If yes please explain. If no go to question 21

COMMENT

19. How are you financing your debt reduction strategy?

COMMENT

20. What stock is in Excellent, Good, Fair, Poor or Very Poor (needing redevelopment) condition? Please fill in the table below?

<table>
<thead>
<tr>
<th>Age: (years)</th>
<th>Stock Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Excellent</td>
</tr>
<tr>
<td>Less than 5</td>
<td></td>
</tr>
<tr>
<td>5 to 10</td>
<td></td>
</tr>
<tr>
<td>10 to 15</td>
<td></td>
</tr>
<tr>
<td>15 to 20</td>
<td></td>
</tr>
<tr>
<td>20 to 30</td>
<td></td>
</tr>
<tr>
<td>More than 30</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
</tr>
</tbody>
</table>
21. In 2003/04 for each category of dwellings in fair, poor and very poor condition what was the average amount for that category spent on capital improvement\(^\text{37}\) (see footnote for definition), and/or redevelopment\(^\text{38}\) per dwelling? Please fill in the table.

<table>
<thead>
<tr>
<th>Function</th>
<th>Fair</th>
<th>Poor</th>
<th>Very Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redevelopment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

22. Have you embarked on a major asset restoration program in the last ten years? Please enter a Y or a N for Yes or No. If No go to question 25.

YES [ ] NO [ ]

23. When do you think this program may be completed and how much more will cost?

COMMENT

24. If you haven't do you believe you now need to undertake a major dwelling restoration/restructure? Please enter a Y or an N for Yes or No. If No please go to question 27.

YES [ ] NO [ ]

25. What do you think the costs of this program might be and how long do you think it might take?

COMMENT

26. How many of your dwellings currently require replacement? What percentage of the total owned stock does this represent?

COMMENT

27. What is the average replacement cost?

COMMENT

Infrastructure

\(^{37}\) Improvements are expenditures on existing dwellings which do not involve demolition and which are not part of the expenditures defined as maintenance, (regular, cyclical or urgent)

\(^{38}\) Redevelopment is expenditure on existing dwelling sites which involve demolition and reconstruction.
28. Are, or were you responsible for the supply and maintenance of any essential infrastructure, i.e. water, sewer and electricity?

Please enter a Y or an N for Yes or No. If No please go to question 32.

YES  NO

29. How much did you spend in 2003/04 on maintaining and managing the infrastructure? Please fill in the table below.

<table>
<thead>
<tr>
<th>Function</th>
<th>Maintenance $ p.a.</th>
<th>% Of Total Maintenance</th>
<th>Employee Related and Administration $ p.a.</th>
<th>% Of Total Employ Related and Admin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

30. Does any of the essential infrastructure supporting your housing need substantial upgrading, or replacement? Please enter a Y or an N for Yes or No. If No please go to question 33.

YES  NO

31. If yes please fill in the table below.

<table>
<thead>
<tr>
<th>Function</th>
<th>Upgrading $ Cost</th>
<th>Replacement $ Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The next set of questions are directed at establishing whether differences in the age and condition of the stock and the client composition create revenue and cost structure differences in housing providers.

If definite numbers cannot be obtained it may be necessary for you to estimate based on experience. If estimates are provided please acknowledge as an estimate by placing an E next to the number.

**Income and Cost Base Differences**

32. For 2003/04 what is the annual maintenance and overhead per dwelling for each category of dwellings outlined in the Table below, (employee related and administrative and employee related as per Footnotes 2 and 5 pages 2 and 5).

<table>
<thead>
<tr>
<th>Age: (years)</th>
<th>Maintenance Cost:</th>
<th>Overhead Cost: (Admin and</th>
</tr>
</thead>
</table>
33. In 2003/04 what was the average annual maintenance and overhead cost per dwelling for dwellings in each of the categories, (excellent, good etc)

<table>
<thead>
<tr>
<th>Function</th>
<th>Average Dollars Per Annum Per Dwelling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Excellent</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
</tr>
<tr>
<td>Employee Related</td>
<td></td>
</tr>
<tr>
<td>Administrative And Working</td>
<td></td>
</tr>
</tbody>
</table>

34. How much of the stock is standard, specialist, (disability aged) and supported accommodation, (hostels, specialist care)? Please fill in the numbers in the table below. In 2003/04 what is the annual average maintenance and overhead cost per dwelling for each stock type listed in the table below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist (Disabled Modified)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist (Aged)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialist (Frail Aged Modified)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hostels</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communal Housing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
35. What are the tenant numbers of households represented by single disabled, couple disabled, couple and children disabled, single fit non aged persons, single parent families, couples only, couple with children, single aged, couple aged and group households? In 2003/04 what is the average rent charged and paid by each household category? Please fill in the Table below.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Nos</th>
<th>Average Rent Charged Per Week: $</th>
<th>Average Rent Paid Per Week: $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple and Children Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Non Aged) Persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Parent. Fam.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple &amp; Child</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Aged</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Aged</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Household</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

36. In 2003/04 what was the average maintenance and overhead cost by household category? Please fill in the Table below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Child Disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Non Aged) Persons</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Parent. Fam.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
37. In 2003/04 what percentage of each household category is in arrears\(^{39}\) (see footnote for definitions of arrears and defaults) or defaulting\(^{40}\) on their rent payment? Please fill in the table below.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>2 or 3 period payments behind. % of households in category</th>
<th>Defaulting (three periods in arrears or more), % of households in category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only Disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple and Child Disabled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single (Non Aged) Persons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Parent. Fam.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple &amp; Child</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single Aged</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Couple Aged</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Household</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Tenancy Management**

38. Do you have a wait list? Please insert a Y for Yes or N for No in the boxes provided. If no go to question 43

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

39. Does your organization administer the wait list? Please insert a Y for Yes or N for No in the boxes provided. If yes go to question 43.

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

40. If no who administers the wait list?

COMMENT

41. In 2003/04 what did the administration of the waiting list cost?

---

\(^{39}\) Arrears means any household more than one period payment behind

\(^{40}\) Defaults means any household three period payments in arrears or more
42. In 2003/04 what was the total cost of tenancy management (waiting lists, allocations, rent setting and collection, maintenance requests, complaints and disputes and arrears management)?

43. In 2003/04 what is the split between materials and labour costs per dwelling for dwelling and, if appropriate, infrastructure maintenance, dwelling improvement, dwelling redevelopment, new dwellings, and if appropriate, infrastructure upgrading and new infrastructure? Please fill in the table below.

<table>
<thead>
<tr>
<th>Function</th>
<th>Maintenance: Average Per Dwelling: Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwellings</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td></td>
</tr>
<tr>
<td>Improvement and Upgrading: Average Per Dwelling: Total</td>
<td></td>
</tr>
<tr>
<td>Dwellings</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td></td>
</tr>
<tr>
<td>New Works: Average Per New Dwelling</td>
<td></td>
</tr>
<tr>
<td>Dwellings</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td></td>
</tr>
<tr>
<td>Water</td>
<td></td>
</tr>
<tr>
<td>Sewer</td>
<td></td>
</tr>
</tbody>
</table>

Special Income And Cost Issues

44. What other special issues contribute to your income and cost structure?
45. How do these special issues affect the income and costs and by roughly how much on average per dwelling per year? Please list.

COMMENT
AHURI Research Centres
Queensland Research Centre
RMIT-NATSEM Research Centre
Southern Research Centre
Swinburne-Monash Research Centre
Sydney Research Centre
UNSW-UWS Research Centre
Western Australia Research Centre

Affiliates
Charles Darwin University