



12.0 Housing

This chapter explores issues associated with the provision of social housing in remote and discrete Aboriginal and Torres Strait Islander communities. The issues presented in this chapter are also related to many of the issues presented in the chapter examining land tenure, even though that chapter mainly deals with the use of land for home ownership.

Key points

- Remote and discrete Aboriginal and Torres Strait Islander communities suffer from very high levels of overcrowding.
- There is a very high dependency on social housing in discrete communities—this is largely the result of historical policies.
- There has been no commitment from the Australian government to funding for housing past 2018. The need for subsidies in the communities will remain for the foreseeable future.
- Many of the social housing tenancy and maintenance functions previously performed by community organisations and councils have been transferred and mainstreamed through the Department of Housing and Public Works (DHPW).
- Stakeholders have raised concerns that the new arrangements are overly bureaucratic, inefficient and inappropriate for remote settings. This is supported by evaluations.
- Similar concerns have been raised about new construction that is coordinated by Building Asset Services (BAS).
- Some stakeholders have also raised concerns about the suitability of housing design, questioning its suitability for Indigenous residents in remote and discrete communities.
- Arrangements under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) appear to have created incentives that have worked to entrench council as holders of land tenure in discrete communities.
- Social housing also creates a range of perverse incentives that may discourage the uptake of economic opportunity, entrench disadvantage and discourage travel for medical treatment.
- Solutions are not simple, but may include:
 - the active involvement of Aboriginal and Torres Strait Islander people in property and tenancy management
 - the removal of red tape associated with construction and maintenance
 - more cautious use of procurement policy
 - the use of innovative funding mechanisms that increase residents 'skin in the game'.
- Currently, social housing is made available for home ownership based on replacement costs rather than market value. Significant home ownership (and wealth creation) opportunities could be created through the transfer of existing social housing stock to long-term tenants at zero (or low) cost.

12.1 Current status

Remote and discrete communities are characterised by high levels of overcrowding

Across all remote and discrete Aboriginal and Torres Strait Islander communities, the latest Census²³ data (ABC 2017) show that 22 per cent of indigenous households were overcrowded, a figure much higher than the Queensland average rate for all households (5 per cent).

The rate of overcrowding varies considerably between communities. Rates of overcrowding are much higher in the discrete communities (31 per cent), with some communities experiencing extremely high rates. For example, close to 50 per cent of all households in Yarrabah are overcrowded (ABS 2016a).

Official estimates may significantly understate the true level of overcrowding in Indigenous households (see Box 12.2).

Housing built under the National Partnership Agreement for Remote Indigenous Housing (NPARIH) would appear to have made significant inroads to addressing overcrowding. Using a slightly different measure than above, the Commission estimates that overcrowding rates across all remote and discrete communities have fallen from 40 per cent in 2006 to around 27 per cent in 2016, but remain much higher than the Queensland average rate for all households (5 per cent).

High levels of overcrowding are associated with negative effects on health, family relationships and children's education:

- Health can be negatively affected if houses are not appropriately designed for the number of residents, and inadequate bathroom, kitchen and laundry facilities can make it difficult to control the spread of infectious disease (Hall et al. 2017).
- Learning and cognitive development in children are negatively affected by crowding, particularly if there is insufficient space in which to study without disruption (SCRGSP 2016, p.10.3).
- Insufficient control over living space has been shown to increase domestic tension and can increase the chance of domestic violence (SCRGSP 2016, p.10.3).

As demonstrated by the most recent rates of overcrowding, significant unmet demand for housing remains in the remote and discrete communities. While the Commission has not assessed this need, stakeholders have said this is a significant concern.

The Local Government Association of Queensland (sub. 14, p. 33) estimates that a further 1,800 to 2,000 new homes will be required to meet current demand. Yarrabah Shire Council (sub. 11, p. 21) has conducted a review of their housing needs which found that 700 new houses need to be built to bring overcrowding levels in line with those in mainstream communities.

²³ Some caution needs to be exercised with Census data, since it significantly undercounts the Indigenous population. For example, a recent estimate suggests the 2016 Census will undercount the Indigenous population by 17.5 per cent (ABC 2017).

Funding for NPARIH²⁴ is due to end on 30 June 2018. The Australian Government has committed \$245 million to remote Indigenous housing in Queensland, with a target of 335 new builds, over the period 2016–18 (DPMC 2016). Although this funding will help address overcrowding rates, it will not be sufficient to bring rates in line with the rest of the state.

At the time of writing, no agreement is in place to continue funding for new construction of housing in remote and discrete Aboriginal and Torres Strait Islander communities.

Box 12.1 What works—NSW Housing for Health Program

The Housing for Health Program was initially developed in the late 1980s by a small group called HealthHabitat, and still operates today. The program is based around research that found improving essential health hardware (fixing a leaking toilet, ensuring working hot water for washing, having somewhere to wash children, reducing dust, etc.) could lead to improvements in health status and reduce the risk of disease and injury.

The program works with communities and trains local staff to work with technical specialists to inspect, test and repair household fixtures. Only fixtures that have been related to health outcomes are targeted, and works are prioritised in terms of their evidence-based health benefit. The program encourages the use of local tradespeople to carry out specialist works (electrical and plumbing).

The program operates on a small budget—between 1998 and 2009, \$10 million was allocated to the program (some small amounts of additional funding was attracted over the same period).

An evaluation conducted in 2010 found that 9,528 people had benefited from the program, with over 51,700 items fixed. Those who received the Housing for Health intervention had a significantly reduced rate of hospital separations—around 40 per cent less than for the rest of the rural NSW Aboriginal population who did not receive the intervention.

Source: NSW Health 2010.

²⁴ As of 1 July 2016, the National Partnership on Remote Housing (NPRH) replaced NPARIH. NPRH has refocused outcomes on improved housing sustainability and Indigenous business and employment opportunities (DPMC 2016a).

Box 12.2 Assessing housing need—Yarrabah case study

Housing need is linked to levels of overcrowding. Most indicators of overcrowding (including the Census) are based on the Canadian Occupancy Standard (AIHW 2012). The standard states:

- There should be no more than two persons per bedroom.
- Children younger than five years of age, of different sexes, may reasonably share a bedroom.
- Children five years of age or older, of opposite sex, should have separate bedrooms.
- Children younger than 18 years of age, and of the same sex, may reasonably share a bedroom.
- Single household members 18 years or older should have a separate bedroom, as should parents or couples.

Census data show that almost half of Indigenous households in Yarrabah are overcrowded, around 10 times the rate for all Queensland households (around 5 per cent). Although the official rate of overcrowding is very high, it may significantly understate the true rate of overcrowding.

Using unpublished data from the Department of Public Works and Housing (DHPW 2017), official population statistics (QGSO 2016) and data from the 2016 Census, the Commission estimates that the average occupancy rate for Yarrabah is around two persons per bedroom.

Yarrabah Council's submission (sub. 11, p. 20), suggests that there are significantly higher levels of overcrowding in Yarrabah than are suggested by official data. The submission suggests that the population of Yarrabah may be as high as 4,400 people, much higher than official estimates. If this figure is correct, this would mean that there are more than three people for every bedroom in Yarrabah—around a third higher than suggested by the official data.

This underestimation occurs because the ABS Census excludes Aboriginal visitors when calculating household size—yet, residential mobility is high amongst Aboriginal communities and long-term visitors are common (Memmott et al. 2013).

High dependency on social housing

Almost all housing in the discrete communities is social housing (Table 22). In 2011, over 90 per cent of households in discrete communities lived in social housing. This is not necessarily by choice—in discrete communities, a lack of individual title means that there is little opportunity for private rental markets to operate, and historically, there has been no opportunity for home ownership—up until 2008, it was not legally possible for a resident in a discrete Aboriginal and Torres Strait Islander community to own their own home, and until a few years ago, cadastral surveys had not been conducted to identify individual lots (DATSIP 2017, Habibis et al. 2016).

The Queensland Government's RICIPO has played a significant role in addressing many of these issues; however, there are still a number of outstanding concerns (see Chapter 11, Land tenure).

Home ownership rates are very low in discrete communities. In 2011, less than 2 per cent of households in mainland discrete communities lived in a home they owned. Outside of the discrete communities, home ownership rates are much higher, with 34 per cent of Indigenous households living in their own home. In remote communities, only 28 per cent live in social housing.

Table 22 Tenure types, Indigenous households, 2011

Tenure type	Torres discrete (%)	Mainland discrete (%)	Other remote (%)	Rest of Queensland (%)
Own home	8	2	34	34
Rented—social housing	81	95	28	18
Rented—private	9	2	31	41
Rented—not stated	1	1	3	1
Other or not applicable	1	0	1	0

Source: ABS 2011.

Housing services have moved to state control

Responsibility for the construction and management of social housing was initially provided to Indigenous councils following their establishment in the 1980s. Prior to this, housing had been administered by the state or by the former Missions.

Habibas et al. (2013) argue that Indigenous councils inherited housing stock that was in poor condition and overcrowded, and had been poorly managed, and that the transfer of management responsibility failed to adequately provide any system of tenancy management, housing policies and procedures for the training of staff.

In 2007, the Australian and state governments entered into the NPARIH. Under these arrangements, most social housing was moved from community control to state control through the creation and signing of 40-year leases over social housing land—the Indigenous councils became lessors, and the state the managers of new and existing social housing (DPMC 2016, Habibas et al. 2016). The intention of this policy change was to secure government-funded assets, and to normalise property and tenancy management in discrete communities (from personal communication by DPWH officers).

By 2017, the majority of social housing in discrete communities was under the control of DPWH (Table 23). The exceptions are Yarrabah and Cherbourg (who are not classified as remote and are therefore not eligible for funding under NPARIH) and the Torres Shire Council (who resisted the transfer of their social housing stock).

Following the introduction of NPARIH, tenancy management, such as rent setting, arrears management, allocations and eligibility came under state control with rules follow standardised public housing policy (Habibas et al. 2016).

Table 23 Social housing management in the discrete communities, 2017

Manager	Number of houses
Government	3196
Community	1722
Total	4918

Source: DHPW 2017.

12.2 Issues and challenges

Reliance on government subsidies

Demand for housing in the remote and discrete communities is likely to remain high for the foreseeable future:

- The natural rate of population growth in remote and discrete Aboriginal and Torres Strait Islander communities is significantly higher than for the population in the rest of the state. Currently, the discrete communities have high rates of out-migration—it is not clear to what extent the shortage of housing in these communities encourages this, or if there are other factors, such as moving for employment opportunities, that are responsible.
- Many Aboriginal and Torres Strait Islander people living outside of the discrete communities would like to return to their communities but cannot due to a shortage of housing—Yarrabah Shire Council, for example, estimate that there is significant unmet demand for housing, with many individuals living in Cairns due to housing shortages in Yarrabah.

While a range of things can be done to improve housing in communities, it is likely that the communities will remain reliant on public subsidies for the foreseeable future:

- There is currently very little private rental market activity in remote communities and almost none in discrete communities.
- Banks are hesitant to provide loans for home ownership in remote and discrete communities because construction costs are high, incomes are low and markets are shallow (ANZ 2007, Crabtree et al. 2012).
- Construction costs in remote areas are very high and harsh weather conditions may result in high rates of depreciation (Szava et al. 2007).
- Existing residents have limited experience with home ownership (Memmott et al. 2009).

Property and tenancy arrangements are a work in progress

Rents are set as a proportion of income up to the market rent. In the remote and discrete communities, maximum rents are set using benchmark market rents from Burketown (from personal communication by a DPHW officer). Under this model, maximum rents are very low (Table 24).

Although rent arrears in most communities are reasonably high²⁵, the majority (83 per cent) of households have no or only very minor arrears. The Commission was unable to determine if the move to state management improved rent collection; however, conversations with Department staff suggest rental arrears have fallen significantly since rent collection was mainstreamed.

Table 24 Rents in DPWH-managed housing in discrete Aboriginal and Torres Strait Islander communities

Number of properties	Average rent payable	Average market rent on tenancy	Average subsidy	Properties in arrears	Average arrears
2988	\$116.35	\$124.24	\$8.41	668	\$380.40

Source: DHPW 2017.

²⁵ While 17 per cent of residents are 4 weeks or more in arrears, these arrears do not make a significant contribution to the net cost of service delivery.

Evaluation of changes to housing management by Habibas et al. (2016) found that the NPARIH reforms were able to provide some improvements to tenancy management. However, these positive effects were most evident in jurisdictions that had utilised a hybrid tenancy management model where the state had worked to build capacity rather than take control. The authors found that, for the Queensland communities reviewed, changes to tenancy management had been less successful, with little change in tenants' perceptions of change and relatively low levels of satisfactions around tenancy management arrangements.

Stakeholders have raised some concerns that government was not well positioned to manage tenancies in remote communities:

Hence raise questions about government scrutiny and poor monitoring that effect housing tenancy abuse which disadvantage others on waiting list to live in a structure of homelessness and overcrowding. (NWQICSS sub. 23, p. 8)

Property and tenancy management costs appear high

Although the Commission was not able to determine the total cost of managing social housing stock in communities, it appears that costs associated with tenancy managements arrangements are high.

NPARIH funding data show that over the last three years of the reforms, funding for property and tenancy management reforms accounted for \$404 million, or 32 per cent of all NPARIH funding (Table 25).

Table 25 NPARIH funding to the states and the Northern Territory, 2011–2018, \$ million

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Capital works	716	205	402	308	240	232	215	3,226
Employment-related accommodation	15	5	20	21	25	44	18	186
Property and tenancy management	63	94	114	126	124	153	113	932
Total	794	303	536	455	388	428	346	4,684

Note: Totals include expenditures from 2008 to 2018.

Source: DPMC 2016.

While we have not been able to allocate all Queensland Government expenditures on property and tenancy management to the remote and discrete Aboriginal and Torres Strait Islander communities, data from DATSIP show that these are large in the communities where data are available. For example, data show that in 2015–16, over \$400,000 was allocated to tenancy management in Hope Vale—a community with 226 state-managed houses. These costs cover staff employment, office costs, accommodation and travel, but exclude maintenance costs (from personal communication by a DPWH officer).

The expenses associated with tenancy and property management, maintenance and lease payments to councils mean that the state currently does not recover operational costs from rent (nor capital costs). In Hope Vale, after tenancy management costs (\$400,000) and fees to the trustee (\$570,000) are deducted from rents payable (around \$1.2 million per annum), there is little left to cover maintenance costs.

Maintenance arrangements could be more efficient

In line with the mainstreaming of tenancy management, the arrangements for maintenance were also moved in line with public housing standards. This would appear to have resulted in a system that is both inefficient and culturally inappropriate.

Maintenance is the aspect of the model that works least well in the case study communities. A high level of dissatisfaction from tenants and other stakeholders was evident regarding maintenance arrangements. A variety of concerns were reported: blue phones often don't work or tenants are reluctant to use them for a range of reasons including delays getting through, language barriers and the call centre operators not understanding the remote community context.....Tenant complaints about delays in repairs and maintenance as maintenance budgets are stretched and it is increasingly only urgent health and safety issues that is undertaken. Tenants also complain about not receiving information about maintenance, including maintenance contractors arriving without notice ... Stakeholders also raised concerns about the efficiency and cost of repairs and maintenance due to the duplication of effort and cost where the Building Assets Services, council and private contractors are all involved. (Habibis et al. 2016, p.58)

These concerns were echoed by many stakeholders, particularly regarding the way that maintenance is reported:

The principal means of reporting maintenance issues for social housing is via "BluePhones" in each community which connect directly to a BAS call centre in South East Queensland.

Call centre staff frequently lack awareness of the existence, location and culture of the Torres Strait. When this lack of cultural awareness is combined with the fact that English is the 2nd or 3rd language of many callers, it makes the system very difficult for community members to navigate.

Tenants frequently report having made multiple reports of maintenance requirements with no feedback or work completed. This in turn impacts on rental collection rates, as tenants cease paying rent with the belief that they are not required to pay rent until maintenance is completed. (TSIRC sub. 12, p. 29)

This is not a new issue and was raised by stakeholders when the reforms were first implemented.

I am sure that there are no blue phones anywhere still extant in the former Soviet Union. The last holdouts of bureaucratic socialism on the planet live under the name of housing reform in remote indigenous communities. (Pearson 2010)

Stakeholders also raised concerns about inefficiencies in the way that maintenance works happen, particularly the relationship with Building Asset Services (BAS). TSIRC (sub. 12, p. 27) identifies a number of inefficiencies in the current system, including in the way that works are priced, scoped and inspected. These include:

- The level of bureaucracy is high, with multiple layers of approvals meaning that often approvals for works are not granted until well until the financial year; therefore, works have to be completed quickly, exacerbating the difficulties associated with remote works.
- Scoping errors lead to houses being scheduled for upgrade, while they have recently been upgraded, while others in need of upgrading are ignored.
- Inspections to verify work has been completed is undertaken by fly-in, fly-out BAS staff, when this could be done using existing local qualified residents for less cost.
- A lack of holistic planning meaning BAS staff need to fly in and out on a regular basis, when this could be done in a single trip.

Construction arrangements appear to be excessively burdensome and may not be delivering the housing that is needed

There are some concerns that the current approach to planning and design is not delivering the right housing outcomes for remote and discrete communities:

Poor design of housing settlement and planning, require more transparency and active input from an inclusive approach that provide much needed desire for community to have input into planning a design that give prior informed consent. (NWQICSS sub. 23, p. 8)

Housing needs to respond to the market rather than rely on historical approaches to housing in Indigenous communities. It has been proven time and time again that the current design parameters fail in Yarrabah. Houses are being work out prior to the end of their useful life because they are an inappropriate design ... the standard departmental design policy is totally inappropriate for community style living ... The current design policy is therefore outdated and culturally insensitive and would never survive if Yarrabah people had the same choices as if they could engage in the free market. (YSC sub. 11, Annexure D, p. 5)

TSIRC (sub. 12, p. 29) also raised concerns that the process for design and approval processes for the construction of new dwellings are overly bureaucratic, does not comply with industry standards and creates unnecessary delays. They state that this occurs because under the current arrangements BAS is required to review completed design drawings prior to review, despite there being design guidelines in place. TSIRC suggest that a design contractor should be able to submit certification for their architect confirming that the completed design complies with the New Housing Design Guidelines, in line with industry standards.

These issues are not new. A review conducted in 2008 that included remote communities in Queensland identified significant liveability problems relate to a lack of concern for 'core cultural issues', a general lack of liveability in internal and external spaces and the ineffective management of the housing process (Fien et al. 2008, p. 1).

The social housing system has created a range of perverse incentives

Social housing creates inefficiencies

As social housing is not owned individually, it can result in a moral hazard problem—this occurs because individuals are not responsible for the costs of repairs and hence have no incentives to care for housing. This can increase the cost of housing provision by making repairs more frequent and/or reducing the lifespan of housing—the cost of which is currently worn by public housing authorities.

In a similar vein, a lack of a 'say' in the management of one's housing has been associated with tenant wellbeing and taking better care for housing (Kraatz et al. 2015, p. 36). This is related to a 'tragedies of the commons' problem where a lack of individual property rights means individuals have few incentives to care for property.

A reliance on social housing erodes social norms

A key complaint about the social housing system in discrete communities is that it works to erode positive social norms particularly those norms relating to individual responsibility (for example, see Cape York Institute 2007).

Housing in Aboriginal communities is central to the problem of passive welfare. (Pearson 2010)

This erosion of norms occurs because people living in communities are heavily reliant on social housing and the current system requires very little in return, apart from paying a small contribution to the cost of running the system. Rather than taking an active role in the management of housing, Indigenous communities have become passive recipients of externally managed housing.

Habibis et al. 2013 examined interactions between the state, Indigenous citizens and Indigenous governance structures. This research emphasised the importance of cultural conditionality in Indigenous housing arrangements and found:

These accounts provide a consistent narrative that when the state attempts to position Indigenous people according to its own norms and expectations it leaves a legacy of distrust and cynicism. Undifferentiated expectations about what constitutes 'good citizenship' and insufficient attention to the capacity of populations to meet such expectations risk generating apathy and resistance amongst target populations resulting in 'lose-lose' policy outcomes. (Habibis et al. 2013, p. 4)

Schuele and Ellerman (2017) go further and argue that imposing inappropriate housing solutions on Indigenous people creates an environment of apathy and lack of care, which in turn encourages the growth of a range of social problems. They cite examples from the Americas, and highlight how different approaches to housing in Aurukun and Mapoon have led to very different outcomes.

Tenancy rules seem to create disincentives to work

As noted in Cape York Institute's assessment of the economic viability of Cape York communities, a high degree of mobility is likely to be required if the residents of discrete communities are to take up employment opportunities (Cape York Institute 2005).

Tenancy rules, combined with housing shortages and a lack of a private rental market (see Chapter 11) mean that community members have few incentives to leave communities for work since they may face losing housing they have waited years to attain. As noted by the Torres Strait Island Regional Council:

There are families not on the waiting list who hold professional and trade qualifications and cannot return to the Torres Strait due to lack of housing. Similarly, there are highly skilled people living in the Torres Strait who are ready to leave due to overcrowding. Our housing situation therefore also acts as a barrier to building capacity in the region by preventing highly skilled Torres Strait Islanders returning home, and forcing people to leave due to overcrowding. Lack of housing hinders mobility into and out of the Torres Strait and so also impacts on the development and retention of skills and experience in the region. (TSIRC sub. 12, attachment 3, p. 16)

The low rents on offer in social housing can also leave people worse off if they move to take up work. As noted in the Forrest review, this problem is exacerbated in remote communities where moving not only means leaving kin, it also is most likely to entail taking up a low-skilled and low paying job, leaving families financially worse off after rents are accounted for (Forrest 2014).

The system can discourage people to seek treatment and cause social disharmony

Grant et al. 2017 noted that the prevalence of disability was high amongst remote Indigenous populations, housing with disabled residents often lacked relevant amenities and these residents were often unaware of or did not understand processes for enabling even basic modifications. The authors found that these issues meant residents often had to leave community, at great personal cost.

The current tenancy management arrangements for social housing may exacerbate things:

Those accessing rehabilitation are expected to transfer their Centrelink funds through to pay for their stay. This can mean that a potential rehab client cannot retain their community based housing which they may have had to wait months or even years to secure. (Hannan sub. 24, p. 2)

There are also Islanders who have been bought down from the Torres Strait for health care that the Torres Strait does not have living in self containing holiday units, some for over five years, ... Most are on disability income or pension. Some still pay rent to property on their own communities fearing losing them. This then chock housing availability in remote communities. (Pau Enterprises sub. 19, p. 4)

Some stakeholders raised concerns that the shortage of housing was resulting in perverse behaviours in order to secure a home:

DFV [Domestic and family violence] is also an item of currency that is manipulated to secure immediate housing in other settlements to accommodate personal gratification -fuelling anger and rejection of those in need of accommodation who will have to extend their waiting period whilst in limbo of homelessness and overcrowding. (NWQICSS sub. 23, p. 8)

Others considered that social housing eligibility rules create problems:

Single men are unlikely to be granted social housing as families are the priority. This means single men permeate the housing occupied by families. Single men are often those that disrupt houses through their alcohol consumption. This is why children are scared at night and tired at school. A single men's quarters (with some shared facilities) could be an economically viable way to house large numbers of individuals and alleviate this social stress on families. (Hannan sub. 24, p. 1)

Incentives may crowd out private sector activity

Under current arrangements, Indigenous councils have been encouraged to undertake maintenance works and housing construction. While this has resulted in the creation of local employment opportunities, it may also have crowded out opportunities for developing a private market.

This has occurred because, under current funding arrangements, councils need to undertake commercial works to fill large revenue gaps. There is evidence that Indigenous councils are addressing fiscal sustainability issues by undertaking construction works on behalf of DPWH. For example, TSIRC (sub. 12, attachment p. 4) shows that around 46 per cent of its revenue is sourced from recoverable works, primarily undertaken by the council's in-house Building Services Unit on social housing:

Under this program, councils have built capacity and capability over the past 5 years to become Principle Contractors, maximising the amount of government funding that stays within Indigenous communities through the employment of local building crews and through the use of local service providers. In 2017-18 over 70% of houses will be built by Indigenous councils acting as principal contractors, up from 10%, 5 years ago.

Lockhart River Aboriginal Shire Council is a good example of this in practice. This financial year they expect to show a profit to council of just under \$1 million from key projects like NPARIH, allowing council to re-invest in programs in response to identified community need or to leverage additional grants. (LGAQ sub. 14, p. 33)

While council ability to undertake building works helps to retain income in remote communities, it is possible that it also crowds out other private activities and discourages individuals to start up their own businesses. It would appear that councils are undertaking this work, at least in part, because they face significant shortfalls in income to meet their basic service delivery requirements:

We have to operate commercially in order to cross subsidise government funding levels of key services and to self-fund key community and cultural programs. We have year on year shortfalls in funding provided by government for core municipal services. (CEO of Lockhart River, LGAQ sub. 14, p. 33)

12.3 Possible solutions

Aboriginal and Torres Strait Islander people need to be actively involved in property and tenancy management

The Commission's assessment of the evidence suggests that the NPARIH reforms have achieved an increase in housing stock—which has gone some way to address the chronic levels of overcrowding in the discrete communities—and has made some progress in achieving a normalisation of tenancy arrangements. However, this has come at a cost, both in financial terms and in terms of the lost opportunity to develop community capability. Arguably, a better outcome may have been achieved if some degree of effort had been put into developing the capacity and capability of communities, rather than subsuming tenancy and property management into state control.

Some issues relating to the management and construction of housing in communities stem from a system that does not include or empower Indigenous people to participate in, and develop the solutions. Improving things requires a movement away from a centrally managed approach:

Our research adds to the existing evidence base that where housing is delivered by Indigenous people much can be achieved to improve Indigenous housing outcomes. But despite this, and a policy context that encourage Indigenous involvement in housing delivery little has been done to increase the size of the Indigenous community housing sector. There is an urgent need for governments to support capacity building of Indigenous community organisations so that they can compete in the community housing provider sector. (UTAS sub. 1, p. 2)

This suggests that an important solution may be to find ways to move social housing out of state control and into the hands of an appropriate Indigenous organisation. Care needs to be exercised in how this is done. Change needs to be managed so that capabilities are developed in communities and any gains that have been made under the NPARIH reforms are not lost.

Lessons from the past suggest that capacity needs to be established in community organisations prior to the transition of social housing into community control. Under the wider reform agenda outlined in Chapter 7, regional bodies will have an important role to play in this regard.

There may be a need to allow greater flexibility in the way that tenancies are managed. This needs to include Indigenous perspectives on living (Habibis et al. 2013) and might include alternative rent setting systems—for example, prior to the NPARIH, some Indigenous councils moved to a levy system in lieu of rents, as this was seen as a more equitable and efficient way of collecting rent (Limerick 2012).

Red tape associated with construction and maintenance needs to be removed

As discussed in this chapter, stakeholder feedback suggests that the arrangements for contracting maintenance and construction works are excessively bureaucratic.

The broader reforms proposed in Chapter 7 will help to resolve many of these issues by bringing contracting of works under community control. For example, if social housing stock moves to community control, there is no reason why the managing body cannot also contract maintenance works and construction directly if this is desired and the capacity exists. As discussed in Chapter 8 (structural reform), these issues should be solved by negotiation between communities and the state.

During the transition to any new arrangements, the state could review the processes through which it contracts work, taking into account the concerns raised by stakeholders.

As a start, the state could remove arbitrary times for completion dates relating to maintenance and construction work. End-of-financial-year completion dates appear to serve no purpose other than to meet agency acquittal needs, and exacerbate delivery pressures in remote settings. Further, slower timeframes allow greater community involvement, helping to build capacity and employment (Box 12.3).

A longer-term focus on funding would help address this issue—providing multi-year funding and delivery cycles (5–10 years) would better facilitate training needs and avoid the creation of boom and bust conditions in remote and discrete Aboriginal and Torres Strait Islander communities.

Box 12.3 Community engagement—Bynoe Community Advancement Cooperative Society (CACs), Normanton, Qld

Bynoe CACS, an Indigenous organisation, and an external mainstream contractor were each contracted to construct four to five houses in the Normanton region. Each delivered housing that was similar in terms of cost and quality (after 10 years there was no noticeable difference between the houses).

The key difference was that Bynoe chose to use local training and employment, while the external contractor did not. Bynoe took around twice as long to construct the housing, and was able to train workers, resulting in ongoing employment for community members in repairs and maintenance programs.

While Bynoe’s pre-existing strong governance structures was key to the success of the construction program, the organisation’s internal governance structures were strengthened through the procurement process.

Table 26 Outcomes from a community-controlled construction project

Contractor	Number of houses	Start date	Completion date	Unit cost
External contractor	5	21-11-1997	03-08-1998	\$184,140
Bynoe CACS	4	27-02-1998	25-09-1999	\$176,475

Source: Davidson et al. 2011, pp. 44–57.

A cautionary approach may be required in relation to social housing procurement

While preferential procurement policies can be very successful in generating local employment and capacity (Pholeros & Phibbs 2012), they can also have unintended consequences. In the discrete communities, social housing procurement policies that favour Indigenous councils may crowd out the ability of individuals to engage in private sector activity (such as starting up a maintenance business).

Alternatively, where an Indigenous council is the only body capable of engaging in this work, there may be few other opportunities to capture the returns to economic activity in communities.

The current funding arrangements for Indigenous councils, however, exacerbates the situation, and place councils in the awkward position where they are obliged to crowd out other activity in order to fund basic municipal services.

Funding arrangements for councils are discussed in Chapter 13.

Communities and individuals need ‘skin in the game’—this will require innovative approaches

To address many of the perverse incentives associated with externally provided social housing, residents of remote and discrete communities need to be actively involved in the management and construction of housing. This will be difficult to achieve while housing in a community is centrally managed by the state.

There are many ways that community residents can increase their ‘skin in the game’.

One option is to increase the levels of home ownership (Hughes et al. 2010). While there is some debate about the extent to which home ownership is a suitable instrument for remote Indigenous communities (SCRGSP 2016a), studies have shown that there are high levels of desire for, and understanding of, home ownership (Memmott et al. 2009; Moran et al. 2002). However, the same studies showed that expectations about ownership were different than in mainstream communities, with Indigenous community members stating a preference for inter-generational asset building and housing security, rather than a desire for economic benefits per se.

Data also provide some support for this view—home ownership rates have increased steadily in the non-discrete communities, where there are few impediments to home ownership, but have not changed in the discrete communities where the impediments to ownership are much higher (Table 27).

Table 27 Indigenous home ownership rates in remote and discrete communities

	Discrete communities	Other remote communities
2006	4.0 %	27.7 %
2011	3.4 %	34.0 %
2016	3.9 %	37.8 %

Source: ABS 2011; ABS 2016a.

While there has been significant progress in making land available for home ownership in the discrete communities (see Chapter 11), a number of impediments remain:

- Construction costs are high and incomes are low.
- Banks may be unwilling to lend.
- Land is held communally.
- Residents may be hesitant to open communities up to outsiders making local markets very shallow.

Despite these constraints, there are several ways in which greater home ownership could be encouraged in the discrete communities:

- Changing rent policies to encourage well-paid local residents to move into home ownership.
- Offering existing long-term tenants the option of moving to home ownership at low or zero cost (Hughes et al. 2010).
- Exploring alternatives to direct home ownership that provide similar benefits—Crabtree et al. 2012 suggest that community land trusts have been used extensively overseas and may offer opportunities for Indigenous housing.
- Alternative financing options, where the state provides subsidies for loans instead of directly funding housing, may also offer solutions (see Box 12.4)

While these options may provide opportunities for local residents, the options are unlikely to be successful or cost-effective where they are initiated by the state. Success is more likely to be achieved where communities demonstrate a commitment and desire for change, and are heavily involved in developing solutions (Moran et al. 2002).

Past experience also suggests that solutions need to be developed within communities rather than from outside (Box 12.5).

Box 12.4 The Kāinga Whenua Program—enabling home ownership on Māori land

The Kāinga Whenua loan scheme is an initiative between Kiwibank and Housing New Zealand. The scheme aims to make it easier to borrow and construct dwellings on land with communal ownership.

Loans are provided for housing only if the land is already owned communally. Because of this, there are certain requirements on the housing to ensure it is a mobile fixture—buildings must be on wooden piles, be single-storey and have road access. This allows a newly constructed house to be used as collateral, and helps to minimise risk for lenders.

Applicants can loan up to \$200,000 and must meet eligibility requirements. Interest rates are set at market rates. Under the scheme, Kiwibank operates as the exclusive lender and Housing New Zealand acts as Guarantor.

Source: Housing New Zealand, 2016.

Box 12.5 Lessons learned from Katter leases

In 1985, the Queensland Government introduced the option for Indigenous community residents to enter into home ownership leases under the *Aborigines and Torres Strait Islanders (Land Holding) Act 1985*—known colloquially as 'Katter' leases. Under the Act, leases were created and existing houses on these properties sold to the leaseholders.

The Katter leases are now widely acknowledged as being problematic. Many leaseholders were left with houses in poor condition and were subsequently abandoned. Many of the leases were approved under the Act, but were never finalised, leaving the tenure of the land in limbo. In many cases, the original applicant has since deceased, and tenure resolution has yet to be resolved.

The following key lessons have been learned from the experience with Katter leases:

- It was a government initiative pushed by external stakeholders rather than the community itself.
- Councils were only recently established and had little capacity to negotiate.
- Houses were already old and at the end of their life cycle.
- People did not understand that maintenance was their responsibility.
- Land dealings were not dealt with from the outset (and remain largely unresolved today).

Source: Moran et al. 2002; Queensland Government 2016b.

12.4 Homelessness

It is difficult to determine the extent of homelessness in the remote and discrete communities covered by this inquiry. Not only are there limited data on homelessness, but the definition of homelessness is not clear, as many Indigenous people dwelling in public places may not consider themselves homeless and may not require physical accommodation services (AIHW 2011a).

Nevertheless, the data show that while homelessness rates are significantly higher amongst Indigenous populations than non-Indigenous populations (AIHW 2011a), homelessness is significantly less prevalent in remote regions than in regional and urban areas (ABS 2016a).

Although homelessness is lower in remote areas, there appears to be strong links between lack of services in remote regions and homelessness experienced in regional centres:

It is important to recognise the flow on effect on surrounding local government areas when activities and services within Indigenous communities are underperforming or suffering from a lack of appropriate resources. In the case of the Cairns community, this results in persons from Cape communities being forced to relocate either temporarily or permanently to Cairns because of a lack of sustainable lifestyle and services in their community ... when services have failed to provide robust return to country programs, community members have become dislocated and substandard living arrangements have been adopted including rough sleeping and overcrowding. (Cairns Regional Council sub. 3, p. 1)

Solutions to homelessness may need to include education and assistance to Aboriginal and Torres Strait Islanders migrating to urban areas—either temporarily for health or justice purposes, or permanently for economic or family reasons:

Pau Enterprises do not want to only provide a housing solution to the Torres Strait Islander migration but a migration program to educate Islander migrants how to live in an urban setting, the services available, the opportunities, how their skills can be valuable to the Cairns community, be involve in the Cairns communities, understanding finance, budgeting, investment and social and civic responsibilities. (Pau Enterprises sub. 19, p. 4)

Box 12.6 What works—Return to Country Program

An increase in the number of Indigenous homeless people in Cairns prompted the Queensland Police Force to commence a pilot return to country program. The program was designed to assist homeless people who were voluntarily seeking to return to their home communities in Cape York, but could not afford to do so.

The Central Queensland University undertook a study to assess the running costs of the program and evaluate its net economic benefit.

The 'return to country' model, was first trialled in Alice Springs. It facilitates transport and health checks and coordinates subsidised airfares to participants' home communities. The Cairns return to country model also made sure there was adequate housing when a participant returned to their home community.

The total cost of the program was estimated at \$135,831, or \$970 per participant. By assisting 140 individuals, the program potentially saved \$2.7 million worth of health and justice services.

The program shows that relatively simple, low-cost programs can generate significant savings and facilitate psychological wellbeing and social cohesion for Aboriginal and Torres Strait Islander people and their communities.

Source: Kinchin et al. 2016.

Draft recommendation 11

To provide better support for housing, the Queensland Government and communities should:

- identify ways to transition property and tenancy management to community control
 - assess construction and maintenance practices to identify and remove unnecessary red tape
 - change construction and maintenance procurement policies so that they do not impede the development of private activity in communities
 - explore providing support for home ownership by offering social housing stock to long-term tenants
 - examine innovative ways of increasing financing for home ownership, including home ownership models that support communal land ownership.
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